

HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT**

**FOR THE YEAR ENDED
31 MARCH 2024**

HCL Technologies Egypt Ltd (L.L.C)

FINANCIAL STATEMENTS

For the year ended 31 March 2024

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Hazem Hassan

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*Translation of Auditor's report
Originally issued in Arabic*

AUDITOR'S REPORT

TO THE QUOTA HOLDERS OF HCL TECHNOLOGIES EGYPT LTD (L.L.C)

Report on the Financial Statements

We have audited the accompanying financial statements of HCL Technologies Egypt Ltd (L.L.C), which comprise the statement of financial position as of 31 March 2024, and the statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



Hazem Hassan

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HCL Technologies Egypt Ltd (L.L.C) as of 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

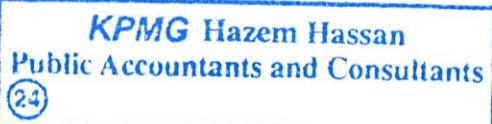
The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company and the financial statements are in agreement therewith.

The financial information included in the General Manager report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account within the limits that such information is recorded therein.

KPMG

KPMG Hazem Hassan
Public Accountants & Consultants

Cairo: 22/7/2024



HCL Technologies Egypt Ltd (L.L.C)

STATEMENT OF FINANCIAL POSITION

31 March 2024

	<i>Note</i>	<i>31/3/2024 EGP</i>	<i>31/3/2023 EGP</i>
Assets			
Non-Current assets			
Intangible Assets			
Good will	4	439,125	439,125
Customer List	4	336,561	429,382
Tangible Assets			
Property, plant and equipment "net"	5	8,005,261	2,224,663
Other Non-Current assets			
Deferred tax assets	6	9,257,029	1,724,354
Finance lease receivables		7,059	384,057
Total non-Current Asset		18,045,035	5,201,581
Current Assets			
Accounts receivables "net"	7	30,884,757	35,673,769
Amounts due from related parties	8	72,419,508	23,735,569
Finance lease receivables		376,999	937,600
Other receivables	9	13,636,012	5,938,588
Cash and Cash equivalents	10	106,385,650	54,662,513
Total current assets		223,702,926	120,948,039
Total assets		241,747,961	126,149,620
Equity and Liabilities			
Quota Holder Equity			
Paid up capital	11	4,654,190	4,654,190
Legal reserve		744,861	518,727
Retained earnings		9,350,428	5,053,884
Total Quota Holder Equity		14,749,479	10,226,801
Liabilities			
Non-Current Liabilities			
Deferred Revenue		338,768	812,225
Total Non-Current Liabilities		338,768	812,225
Current Liabilities			
Accounts Payable		17,320,214	8,967,556
Amounts due to related parties	8	173,842,672	82,902,921
Income tax payable	6	9,928,187	2,248,394
Accrued expenses and other payables	12	25,568,641	20,991,723
Total current liabilities		226,659,714	115,110,594
Total Liabilities		226,998,482	115,922,819
Total Liabilities and Quota Holder Equity		241,747,961	126,149,620

Auditor's report "attached"

L. R. Raman

Raghu Raman Lakshmanan
General Manager

The accompanying notes from (1) to (21) are an integral part of these financial statements.

HCL Technologies Egypt Ltd (L.L.C)

STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024

	<i>Note</i>	<i>31/3/2024 EGP</i>	<i>31/3/2023 EGP</i>
Revenues	13	170,381,251	127,748,959
Cost of revenues		(107,830,551)	(109,331,855)
Gross profit		62,550,700	18,417,104
General and administrative expenses	14	(12,587,554)	(8,056,507)
Impairment loss on accounts receivable		(6,130,261)	(610,069)
Reverse of impairment on accounts receivable		-	519,490
Depreciation on fixed assets	5	(1,283,890)	(555,815)
Amortization of customer List	4	(92,821)	(97,528)
Reversal of provision and accrued expense		569,599	-
Net operating profit		(19,524,927)	(8,800,429)
		43,025,773	9,616,675
Finance income		3,281,165	5,254,052
Finance costs		(38,811,480)	(15,743,217)
Net finance costs	15	(35,530,315)	(10,489,165)
Net profit/(loss) for the year before tax		7,495,458	(872,490)
Current income taxes	6	(10,505,455)	(3,215,043)
Deferred income taxes	6	7,532,675	1,708,365
Profit/(Loss) for the year		4,522,678	(2,379,168)
Earnings/(Loss) per Quota	16	9.72	(5.11)

L.R.Ram.

Raghu Raman Lakshmanan
General Manager

The accompanying notes from (1) to (21) are an integral part of these financial statements.

HCL Technologies Egypt Ltd (L.L.C)

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>31/3/2024 EGP</i>	<i>31/3/2023 EGP</i>
Net profit/(loss) for the year	4,522,678	(2,379,168)
Other comprehensive income	-	-
Total Comprehensive income	4,522,678	(2,379,168)

The accompanying notes from (1) to (21) are an integral part of these financial statements.

HCL Technologies Egypt Ltd (L.L.C)

STATEMENT OF CHANGES IN QUOTA HOLDER EQUITY

For the year ended 31 March 2024

	<i>Paid up capital EGP</i>	<i>Legal reserve EGP</i>	<i>Retained earnings EGP</i>	<i>Total EGP</i>
Balance as of 1 April 2022	4,654,190	518,727	7,433,052	12,605,969
Other comprehensive income	-	-	(2,379,168)	(2,379,168)
Balance as of 31 March 2023	4,654,190	518,727	5,053,884	10,226,801
Net Profits for the year	-	-	4,522,678	4,522,678
Total Comprehensive Income	-	-	4,522,678	4,522,678
Transferred to legal reserve	-	226,134	(226,134)	-
Balance as of 31 March 2024	4,654,190	744,861	9,350,428	14,749,479

The accompanying notes from (1) to (21) are an integral part of these financial statements.

HCL Technologies Egypt Ltd (L.L.C)

STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	<i>Note</i>	<i>31/3/2024 EGP</i>	<i>31/3/2023 EGP</i>
OPERATING ACTIVITIES:			
Net profit/(loss) for the year before tax		7,495,458	(872,490)
Adjustments for:			
Amortization of customer list	4	92,821	97,528
Impairment loss on trade receivables		6,130,261	610,069
Reverse of Impairment on trade receivables		-	(519,490)
Depreciation for Fixed Assets	5	1,283,890	555,815
Reversal of provision and accrued expense		(569,599)	-
Interest on finance lease		(16,897)	-
		14,515,934	(128,568)
Change in:			
Account receivable		(1,775,660)	(33,991,468)
Due from related parties		(48,683,939)	(16,132,789)
Other receivables		(7,697,423)	6,229,872
Deferred revenue		(473,457)	812,226
Accounts Payable		8,352,659	7,875,647
Amounts due to related parties		90,939,751	53,358,433
Provision reversal for WHT from customers		-	(1,536,319)
Accrued expenses and other payables		4,576,919	8,024,231
Cash provided from operating activities		59,654,784	24,511,265
Income taxes paid		(1,783,313)	(540,400)
Net cash flows from operating activities		57,871,471	23,970,865
INVESTMENT ACTIVITIES:			
Payments for purchasing Fixed Assets		(7,102,831)	(1,928,862)
Finance lease		954,497	1,030,867
Net Cash used in investing activities		(6,148,334)	(897,995)
Net change in cash and cash equivalent during the year			
Cash and cash equivalents balance at the beginning of the year		51,723,137	23,072,870
Cash and cash equivalents balance at the end of the year	10	54,662,513	31,589,643
		106,385,650	54,662,513

NON-CASH TRANSACTION:

The statement of cash flows does not include amounts for movement of impairment in value of accounts receivables and related party amounted to L.E 6,684,837.

The accompanying notes from (1) to (21) are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

1 BACKGROUND

HCL Technologies Egypt Ltd (L.L.C) was established under the provisions of law No. 159 of 1981.

The Company was registered in the commercial registry under No. 81246 on 23 March 2015.

The registered office is located at 2237 North tower – Nile City Towers– 22nd floor – Ramlet Bulaq – Corniche el Nile, Cairo Egypt.

The purpose of the Company is to characterize, analyse and design software, databases, and different types of applications. Produce and develop programs and applications and the creation of databases and electronic information systems then operate and provide training on it. Produce different types of electronic components from sound, image and written information.

The ultimate parent is HCL Technologies Ltd.

The General Manager approved the issuance of the financial statements for the year ended 31 March 2024 on 22 July 2024.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of preparation

The financial statements are prepared under the going concern assumption on a historical cost basis.

The financial statements are prepared and presented in Egyptian pound, which is the Company's functional currency.

Statement of compliance

The financial statements of the Company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

The accounting policies adopted this year are consistent with those policies adopted in the prior year.

2-2 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgements and estimates that have a significant impact on the separate financial statement of the Company are discussed below:

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

2-2-1 Judgments

Revenue recognition

EAS 48 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred to obtain a contract with a customer.

Prior to its adoption, the company performed an assessment of its potential accounting effects and concluded that there was no significant impact on the financial statements from its adoption. In particular:

- The company's services are realized on the basis of signed customer contracts;
- In performing the contracts, the services rendered by the company form a single contractual arrangement;
- Consideration for services rendered is defined contractually, and there is no significant financial component. Variable pricing is restricted to bonuses or penalties applicable in certain contracts based on achieving or missing contractual ratios related to operations. The related amounts are not significant and may be reliably determined at each reporting date; the allocation of the consideration due under the transaction is straight-forward as there is only a single contractual arrangement
- Revenue is therefore recognized as services are rendered using a volume basis.

2-2-2 Estimates

Impairment of trade and other receivables

When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.

Tax

The company is subject to income tax imposed in Egypt. Important judgments are required to determine the total provisions for current and deferred taxes. The Company has made provisions, based on reasonable estimates, bearing in mind the potential consequences of the examinations conducted by the tax authorities in Egypt. The amount of this provision is based on several factors, including experience with previous tax checks and differing interpretations of tax regulations by the company and the responsible tax authority. Such differences in interpretation may arise in several subjects according to the conditions prevailing in Egypt at the time.

Deferred tax assets are recognized for unused and carried forward tax losses so that it is probable that they will offset taxable profits that these losses can be used to offset. Substantial management judgments must determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, as well as future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Impairment of non-financial assets

At each reporting date, the company reviews the carrying amounts of its non-financial assets (other than inventory and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount

Impairment of Goodwill

Goodwill is tested annually on March 31, for impairment, or sooner whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the company cash generating units (CGU) expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period.

2-3 Summary significant accounting policies

2-3-1 Foreign currency translation

Transactions in foreign currencies are initially recorded using the prevailing exchange rates on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the financial position date. All differences are recognized in the statement of profit or loss.

Nonmonetary items that are measured at historical cost in foreign currencies are translated using the exchange rates prevailing at the date of the initial recognition.

Nonmonetary items measured at fair value in foreign currencies are translated using the exchange rates prevailing at the date when the fair value is determined.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

2-3-2 Accounts and other receivables

Accounts and other receivables are measured at amortized cost and include invoiced amounts less appropriate allowances for estimated uncollectible amounts. Impairment is recognized when there is objective evidence that the company will not be able to collect all the amounts due. The impairment is the difference between the book value and the recoverable amount. Trade, notes receivables, debtors and other debit balances are initially recognized at fair value in addition to the transaction cost directly attributable to obtaining initial issue of financial asset, subsequently measured at amortized cost using the effective interest rate.

2-3-3 Accounts and notes payable, accrued expenses and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

2-3-4 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

2-3-5 Social insurance

The Company makes contributions to the Social Insurance Authority calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

2-3-6 Legal reserve

According to the Company's articles of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50% of capital. The reserve is used upon a decision from the general assembly meeting.

2-3-7 Income tax

Current tax and deferred tax are recognized as income or expense in the statement of profit or loss of the year except to the extent that it relates to process or event recognized, or items recognized directly in equity or in OCI.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are not offset unless certain conditions are met.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes (accounting purposes) and the amounts used for tax purposes.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

2-3-8 Revenue recognition

The company recognizes revenue from contracts with customers based on the five-step model outlined in Egyptian Accounting Standard (48):

Step 1: Define the contract with the customer: A contract is an agreement between two or more parties that results in binding rights and obligations and clarifies the criteria that must be met for each contract.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Step 2: Identify performance obligations in the contract: A performance obligation is a promise to the customer as per the contract in order to transfer goods or provide services to the customer.

Step 3: Determine the transaction price: The transaction price is the price expected from the Company for the transfer of agreed goods or services with the customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that contains more than one performance obligation, the Group allocates the transaction price to each performance obligation in the amount of an estimated price for the goods or services expected to be received for the performance of the performance obligation.

Step 5: Recognize revenue when (or when) the entity satisfies the performance obligation.

The company satisfies the performance obligation and recognizes revenue over the term of the contract if it meets any of the following requirements:

1. the customer obtains the benefits arising from the performance of the group and consumes those benefits at the same time, or
2. The Company's performance results in the creation or improvement of an asset under the control of the Customer at the time of the improvement or creation, or
3. The company's performance of the obligation is not originally for other uses of the company, and the company has the right to collect the amount for the performance completed up to its enforceable date.

For performance obligations where one of the above conditions is not met, revenue is recognized at the time the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering agreed goods or rendering services, the Group creates an asset based on the contract for the price it received for the performance. If the amount of the price invoiced to the customer exceeds the amount of the included revenue, this increases the contract obligation.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue is recognized in the statement of profit or loss to the extent that it is expected that the economic benefits will flow to the company and that the revenue and costs, where applicable, can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

2-3-9 Expenses

All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

2-3-10 Leases contract

The Company, as a lessee, will recognize a right-of-use asset and a lease liability on the lease commencement date.

Upon initial recognition the right of use asset is measured as the amount equal to initially measure lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently the right of use assets will be measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter estimated useful lives of the right-of-use assets or the lease term.

The lease liability is measured upon initial recognition at the present value of the future lease and related fixed services payments over the lease term, discounted with the interest rate implicit to the lease or Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Right-of-use assets and lease liabilities will be remeasured subsequently if one of the following events occurs:

Change in lease price due to indexation or rate which has become effective in reporting period

Modifications to the lease contract

Reassessment of the lease term

Leases which are short term in nature (less than 12 months including extension options) and leases of low value items will continue to be expensed in the statement of profit or loss as incurred.

2-3-11 Related party transactions

Related parties represent associated companies, major quota holders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the General Manager.

2-3-12 Contingent Liabilities and Assets

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the separate financial statements but disclosed when an inflow of economic benefits is probable.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

2-3-13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

2-3-14 Impairment

Impairment of financial assets

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment of non-financial assets

At the financial statements date, the company reviews the carrying amounts of its owned non-financial assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the company estimates the recoverable amount for each asset separately in order to estimate the impairment losses. In case the recoverable amount of the asset cannot be properly estimated, the company estimates the recoverable amounts for the cash-generating unit which is related to the asset.

In case of using a reasonable and consistent basis for allocating the assets to the cash generating units, the company's general assets would be also allocated to these units. If this is unattainable, the general assets of the company shall be allocated to the smallest group of the cash-generating units, which the company determined using logical and fixed basis.

The asset recoverable amount or the cash-generating unit is represented by the higher of the fair value (less the estimated selling costs) or the estimated amount from the usage of the asset (or the cash generating unit).

The estimated future cash flow from the usage of the assets, or the cash generating unit using a discount rate before tax, is discounted in order to reach the present value for these flows; which represents the estimated amount from using the asset (or the cash generating unit).

This rate reflects current market assessments of the time value of money and the risks specific to the asset, which were not taken into consideration when estimating the future cash flow generated from it. When the recoverable amount of the asset (cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount with the impairment loss recognized immediately in the consolidated income statement.

In case the impairment on asset (or cash generating unit) decreases subsequently, and this decrease is related in a logical manner to one event or more taking place after the initial recognition of the impairment at the profit or losses, a reversal is done for the revised amount of losses (or a part of it) which had been recognized previously- in the income statement, and the carrying amount for the asset is increased (or the cash generating unit) with the new estimated recoverable amount provided that the revised carrying amount of the asset after revising (or the cash generating unit) does not exceed the carrying amount determined for the asset, had the recognized losses resulting from impairment, not been recognized in previous years.

2-3-15 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***2-3-16 Cash and cash equivalent**

For the purpose of preparing the statement of cash flows, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months.

2-3-17 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The intangible assets are amortized over expected revenue from P&P.

2-3-18 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the Company measures the non-controlling interest in the acquiree at fair value. Acquisition related costs are expensed as incurred. Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as financial liability is measured at fair value with changes in fair value recognized in the statement of profit and loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the excess is recognized as capital reserve after reassessing the fair values of the net assets.

2-3-19 Fixed assets and depreciation

Fixed assets are recorded on purchase at cost and are presented in the financial statements net of accumulated depreciation and impairment losses. Historical costs include costs associated with the purchase of the asset. Depreciation is provided on a straight-line basis to write off the cost of each asset over its expected useful life as follows:

	<i>Estimated useful life</i>
Computers	3-5 Years
Laptop	1-4 Years
Asset-Outright procurement for Operating lease out	5 Years

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***2-3-20 Earnings per share**

Earnings per share are calculated by dividing the net profit for the year, after deducting employees share and Board of Managers remuneration, by the weighted average number of outstanding shares during the year.

3. ACQUISITION OF SELECT IBM SOFTWARE PRODUCTS

On 6 December 2018, HCL Group had signed a definitive agreement to acquire business relating to select IBM software products, the acquisition though has been consummated effective 30 June 2019. The HCL Group has acquired these products for security, marketing, commerce, and digital solutions along with certain assumed liabilities and in scope employees. With this HCL Group gets 100% control on the assets being acquired and has also taken full ownership of the research and development, sales, marketing, delivery and support for these products. Through this acquisition, the HCL Group intends to enhance its products and platforms offering to customers across a wide range of industries and markets.

IBM will pay the Company for the assumed liabilities as related services are rendered, based on an agreed basis. HCL Technologies Egypt Ltd had paid EGP 881,689 Full.

Depreciation is provided on a straight-line basis to write off the cost of each asset over its expected useful life as follows:

Estimated useful life

Customer list	10 Years
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4. INTANGIBLE ASSETS

	31/3/2024 EGP	31/3/2023 EGP
Goodwill	439,125	439,125
Customer list	<u>336,561</u>	<u>429,382</u>
	<u>775,686</u>	<u>868,507</u>
A) Goodwill:		
Goodwill at date of acquisition	<u>439,125</u>	<u>439,125</u>
	<u>439,125</u>	<u>439,125</u>
B) Customer List:		
Customer List Cost	881,689	881,689
Accumulated amortization	<u>(545,128)</u>	<u>(452,307)</u>
	<u>336,561</u>	<u>429,382</u>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

5. PROPERTY, PLANT AND EQUIPMENT "net"

	<i>31/3/2024</i>			<i>Total</i> <i>EGP</i>
	<i>Computer</i> <i>EGP</i>	<i>Laptop</i> <i>EGP</i>	<i>Other Equipment</i> <i>EGP</i>	
Cost:				
At 1 April 2023	1,058,275	2,052,797	-	3,111,072
Additions during the year	5,166,052	-	1,898,436	7,064,488
Disposals during the year	-	(38,343)	-	(38,343)
At 31 March 2024	<u>6,224,327</u>	<u>2,014,454</u>	<u>1,898,436</u>	<u>10,137,217</u>
Accumulated Depreciation:				
At 1 April 2023	564,253	322,156	-	886,409
Depreciation for the year	576,167	532,931	174,791	1,283,890
Accumulated Depreciation for Disposals assets	-	(38,343)	-	(38,343)
At 31 March 2024	<u>1,140,420</u>	<u>816,744</u>	<u>174,791</u>	<u>2,131,956</u>
Net book value:				
At 31 March 2024	<u>5,083,907</u>	<u>1,197,710</u>	<u>1,723,645</u>	<u>8,005,261</u>
<i>31/3/2023</i>				
	<i>Computer</i> <i>EGP</i>	<i>Laptop</i> <i>EGP</i>	<i>Other Equipment</i> <i>EGP</i>	<i>Total</i> <i>EGP</i>
Cost:				
At 1 April 2022	1,058,275	123,935	-	1,182,210
Additions during the year	-	1,928,862	-	1,928,862
At 31 March 2023	<u>1,058,275</u>	<u>2,052,797</u>	<u>-</u>	<u>3,111,072</u>
Accumulated Depreciation:				
At 1 April 2022	303,850	26,743	-	330,593
Depreciation for the year	260,403	295,413	-	555,816
At 31 March 2023	<u>564,253</u>	<u>322,156</u>	<u>-</u>	<u>886,409</u>
Net book value:				
At 31 March 2023	<u>494,022</u>	<u>1,730,641</u>	<u>-</u>	<u>2,224,663</u>

6. INCOME TAXES

	<i>31/3/2024</i> <i>EGP</i>	<i>31/3/2023</i> <i>EGP</i>
Statement of Profit or Loss		
Current income Tax	10,505,455	3,215,043
Deferred income Tax	(7,532,675)	(1,708,365)
Income tax expense	<u>2,972,780</u>	<u>1,506,678</u>
Statement of financial position		
Income taxes payable	(9,928,187)	(2,248,394)
Tax authority – withholding tax (Note 9)	207,377	80,643
Net income tax receivable / (payable)	<u>(9,720,810)</u>	<u>(2,167,751)</u>

The withholding tax - Tax authority are presented in (Note 9).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

6. INCOME TAXES - *Continued*

DEFERRED INCOME TAXES

	<i>Statement of financial position</i>		<i>Statement of profit or loss</i>	
	<i>31/3/2024</i> <i>EGP</i>	<i>31/3/2023</i> <i>EGP</i>	<i>31/3/2024</i> <i>EGP</i>	<i>31/3/2023</i> <i>EGP</i>
Unrealized foreign exchange differences	10,164,654	2,179,682	7,984,972	2,029,244
Gaap Adjustment	-	(194,465)	194,465	(212,865)
Amortization of Tangibles	(874,380)	(236,452)	(637,928)	(100,240)
Amortization of Intangibles	(33,245)	(24,411)	(8,834)	(7,774)
Net deferred income tax	<u>9,257,029</u>	<u>1,724,354</u>	<u>7,532,675</u>	<u>1,708,365</u>

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	<i>31/3/2024</i> <i>EGP</i>	<i>31/3/2023</i> <i>EGP</i>
Net profit of the year	4,522,678	(2,379,168)
Income tax according to income statement	<u>2,972,780</u>	<u>1,506,678</u>
Net profit before tax	<u>7,495,458</u>	<u>(872,490)</u>
Income tax using legal tax rate	22.50%	22.50%
Non-deductible expenses	1,686,479	70,013
Adjustment in respect of prior years	1,621,841	285,136
Unrecognized deferred tax assets for provisions	(335,540)	30,829
WHT Written off	-	20,380
Income tax	39.66% 2,972,780	484.20% 1,506,678

7. ACCOUNTS RECEIVABLES “net”

	<i>31/3/2024</i> <i>EGP</i>	<i>31/3/2023</i> <i>EGP</i>
Accounts Receivable	36,840,379	37,291,535
Allowance for Doubtful account.	<u>(5,955,622)</u>	<u>(1,617,766)</u>
30,884,757	<u>35,673,769</u>	

Movement of impairment in value of accounts and notes receivables is as follows:

	<i>31/3/2024</i> <i>EGP</i>	<i>31/3/2023</i> <i>EGP</i>
Beginning Balance	1,617,766	1,007,697
Charged during the year	4,337,856	610,069
Ending Balance	<u>5,955,622</u>	<u>1,617,766</u>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

8. RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related party transactions

During the year, the following were the significant related party transactions, which were carried based on rules set by management:

Related parties	Nature of the transactions	31/3/2024 EGP	31/3/2023 EGP
HCL Finland	Consultancy fees (expense)		258,266
HCL Finland	Services rendered (revenue)	16,975	27,001
HCL Axon Technologies (Shanghai) Co. Ltd 7400	Consultancy fees (expense)	-	307,200
HCL Technologies UK Limited	Consultancy fees (expense)	-	295,879
HCL Technologies UK Limited	Services rendered (revenue)	3,279,649	-
HCL Technologies Corporate Services - United Kingdom	Services rendered (revenue)	17,782,700	-
HCL Technologies Limited 1000	Services rendered (revenue)	2,163,915	3,920,128
HCL Technologies Limited 1000	Consultancy fees (expense)	6,559,357	8,186,821
HCL Tech Ltd - IOMC	Services rendered (revenue)	(2,879)	932,873
HCL Tech Ltd - IOMC	Consultancy fees (expense)	3,291,572	-
HCL Technologies (PTY) Ltd. (Fy HCL Axon PTY Ltd.)	Consultancy fees (expense)	-	242,401
HCL Technologies (PTY) Ltd. (Fy HCL Axon PTY Ltd.)	Services rendered (revenue)	-	37,801
HCL Technologies Sweden AB 5440	Consultancy fees (expense)	55,719	502,522
HCL Technologies Sweden AB 5440	Services rendered (revenue)	1,727,675	-
HCL Indonesia	Services rendered (revenue)	36,761	-
HCL Indonesia	Consultancy fees (expense)	197,270	-
HCL Guatemala, Sociedad Anónima	Services rendered (revenue)		72,970
HCL Brazil Tecnologia da Informação EIRELI	Services rendered (revenue)	47,784	320,166
HCL Brazil Tecnologia da Informação EIRELI	Consultancy fees (expense)	56,674	210,804
HCL AMERICA INC.	Consultancy fees (expense)	892,124	266,649
HCL AXON Malaysia SDN BHD	Consultancy fees (expense)	358,743	2,094,933
HCL AXON Malaysia SDN BHD	Services rendered (revenue)	329,889	-
HCL POLAND SP.Z O.O.	Consultancy fees (expense)	129,302	-
HCL Ireland Information Systems Ltd	Services rendered (revenue)	168,600	-
HCL Ireland Information Systems Ltd	Consultancy fees (expense)	254,929	-
HCL Technologies B.V.	Consultancy fees (expense)	322,736	-
HCL Technologies Denmark ApS	Consultancy fees (expense)	64,417	121,072
HCL Technologies Denmark ApS	Services rendered (revenue)	81,191	120,321
HCL Technologies Ltd Madurai	Consultancy fees (expense)	959,942	1,291,962
HCL Technologies Ltd Madurai	Services rendered (revenue)	-	41,190
HCL Technologies Middle EAST FZ LLC	Consultancy fees (expense)	280,296	531,758
HCL Technologies Middle EAST FZ LLC	Services rendered (revenue)	83,240	-
HCL Technologies Norway AS	Consultancy fees (expense)	273,054	205,036
HCL Technologies Costa Rica 7850	Consultancy fees (expense)	2,310,801	1,733,205
HCL Latin America Holding, LLC, Costa Rica 7600	Services rendered (revenue)	-	356,664
HCL Latin America Holding, LLC, Costa Rica 7600	Consultancy fees (expense)	145,279	-

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

8. RELATED PARTIES – *Continued*

Related parties	Nature of the transactions	<i>31/3/2024</i> <i>EGP</i>	<i>31/3/2023</i> <i>EGP</i>
HCL Canada INC. SD	Consultancy fees (expense)	-	4,226,292
HCL Canada INC. SD	Services rendered (revenue)	95,308	42,603
HCL Hong Kong SAR ltd	Services rendered (revenue)	-	116,099
HCL Hong Kong SAR ltd	Consultancy fees (expense)	91,854	55,473
filial Espanola De HCL Technologies, S.L	Services rendered (revenue)	753,702	-
filial Espanola De HCL Technologies, S.L	Consultancy fees (expense)	46,929	-
HCL Technologies Corporate Ser Ltd	Services rendered (revenue)	-	15,453,922
HCL Technologies Philippines Inc.	Consultancy fees (expense)	323,141	21,243
HCL Technology Germany GMBH	Consultancy fees (expense)	130,499	4,778,407
HCL Technology Germany GMBH	Services rendered (revenue)	3,901,006	3,592,137
HCL South Africa	Consultancy fees (expense)	116,159	109,392
HCL Technologies Limited Nagpur	Consultancy fees (expense)	358,858	436,201
HCL Technologies Limited Nagpur	Services rendered (revenue)	16,977	45,150
HCL Technologies Ltd Lucknow	Consultancy fees (expense)	1,487,558	52,400
HCL Technologies Ltd Lucknow	Services rendered (revenue)	38,460,325	167,320
HCL Technologies Belgium BVBA	Consultancy fees (expense)	35,384	120,093
HCL TECNOLOGIA LIMITED ISRAEL	Consultancy fees (expense)	252,429	-
HCL Technologies Limited, Vijayawada	Consultancy fees (expense)	1,083,750	199,029
HCL Arabia LLC - Saudi Arabia	Consultancy fees (expense)	-	57,871
HCL Arabia LLC - Saudi Arabia	Services rendered (revenue)	2,226,763	4,034,963
HCL ARGENTINA S.A	Services rendered (revenue)	134,747	373,249
HCL Asia Pacific Pte Limited-Korea Branch	Services rendered (revenue)	-	183,089
HCL Asia Pacific Pte Limited-Korea Branch	Consultancy fees (expense)	90,363	-
Hcl Istanbul Bilisim Teknolojileri Ltd. Sti.	Consultancy fees (expense)	2,962,291	350,252
HCL Latin America Holding, LLC, Panama	Services rendered (revenue)	-	16,538
HCL TECH Ltd BPO SERVICES - India	Consultancy fees (expense)	-	23,464,037
HCL TECHNOLOGIES AUSTRIA GMBH	Consultancy fees (expense)	-	17,715
HCL TECHNOLOGIES AUSTRIA GMBH	Services rendered (revenue)	-	714,374
HCL Technologies Columbia S.A.S	Consultancy fees (expense)	83,527	726,562
HCL Technologies Columbia S.A.S	Services rendered (revenue)	50,690	-
HCL TECHNOLOGIES ITALY S.P.A	Services rendered (revenue)	2,210,098	-
HCL TECHNOLOGIES MEXICO	Consultancy fees (expense)	633,646	327,763
HCL TECHNOLOGY Ltd UAE	Consultancy fees (expense)	1,207,850	65,774
HCL TECHNOLOGY NEW ZEALAND	Consultancy fees (expense)	1,007	-
HCL TECHNOLOGY NEW ZEALAND	Services rendered (revenue)	98,457	26,767
HCLTechnologies Chile SPA	Consultancy fees (expense)	233,171	15,083
HCLTechnologies Chile SPA	Services rendered (revenue)	243,851	-
Telinx Marketing Inc USA	Consultancy fees (expense)	2,400,784	181,947
Telinx Marketing Inc USA	Services rendered (revenue)	(62,182)	-
HCL Axon Solutions Shanghai Co. 7210	Consultancy fees (expense)	-	21,783
HCL Axon Solution Shanghai Co.Ltd - Shanghai Branch	Consultancy fees (expense)	3,648,114	-
HCL Axon Solution Shanghai Co.Ltd - Suzhou Branch	Consultancy fees (expense)	247,134	-
HCL Technologies Beijing co ltd	Consultancy fees (expense)	1,536,109	-
HCL TECHNOLOGIES LUXEMBOURG S.A.R.L	Consultancy fees (expense)	175,211	-
HCL Technologies Vietnam Company Limited	Consultancy fees (expense)	917,082	90,982
HCL Technologies Vietnam Company Limited	Services rendered (revenue)	-	58,819
HCLTechnologies Lanka (Private) Limited	Consultancy fees (expense)	3,047,099	488,416
HCLTechnologies Lanka (Private) Limited	Services rendered (revenue)	428,516	-
HCL Singapore PTE LIMITED	Consultancy fees (expense)	-	1,260,542

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

8. RELATED PARTIES – *Continued*

<i>Related parties</i>	<i>Nature of the transactions</i>	<i>31/3/2024</i> <i>EGP</i>	<i>31/3/2023</i> <i>EGP</i>
HCL Singapore PTE LIMITED	Services rendered (revenue)	-	237,372
HCL Technologies Limited - Russia Branch	Consultancy fees (expense)	(67,217)	67,217
HCL Technologies Ltd. Sucursal EM Portugal	Consultancy fees (expense)	46,094	543,970
HCL Technologies Morocco	Consultancy fees (expense)	259	53,047
HCL Technologies Romania S.R.L.	Consultancy fees (expense)	276,269	15,010
C3i Services & Technologies (Dalian) Co.,	Consultancy fees (expense)	309,694	43,319
HCL Technologies Angola	Services rendered (revenue)	9,304,173	10,339,362
HCL Technologies LiMITED, Swiss	Consultancy fees (expense)	355,375	-
HCL Technologies LiMITED, Swiss	Services rendered (revenue)	-	313,986
HCL Technologies Taiwan Limited	Services rendered (revenue)	109,542	376,166
HCL Axon Solution Shanghai Co.Ltd - Shanghai Branch	Services rendered (revenue)	35,912	-
HCL Technologies Greece	Services rendered (revenue)	65,715	-
HCL Technologies France SAS	Consultancy fees (expense)	2,998,215	-
HCL Technologies S.A.C	Consultancy fees (expense)	2,257,411	-
HCL technologies Slovakia	Consultancy fees (expense)	5,669	-
HCL TECHNOLOGIES STARSCHEMA KFT, Budapest	Consultancy fees (expense)	380,764	-
HCL Technologies Sweden 5750	Consultancy fees (expense)	577,223	-

The related parties' transactions described above resulted in the following balances:

	<i>31/3/2024</i>		<i>31/3/2023</i>	
	<i>Due from EGP</i>	<i>Due to EGP</i>	<i>Due from EGP</i>	<i>Due to EGP</i>
HCL Axon Solution Shanghai Co.Ltd - Shanghai Branch 7260	-	5,581,265	569,771	-
HCL Axon Technologies (Shanghai) Co. Ltd - Guangzhou Branch 7190	-	3,306,638	-	2,270,991
HCL Technologies UK Limited		879,612	-	481,513
HCL Technologies Limited *	5,379,196	35,700,056	-	19,438,985
HCL Tech Ltd - IOMC	-	3,294,451	346,626	-
HCL Technologies Germany GmbH	782,386	12,405,386	-	7,432,659
HCL AMERICA INC.	-	2,030,677	-	436,680
HCL Latin America Holding, LLC, Costa Rica	425,817	5,253,286	-	2,591,648
HCL POLAND SP.Z O.O.	-	197,745	-	-
HCL Technologies B.V.	-	430,196	-	-
HCL Technologies Denmark ApS	-	260,814	-	926
HCL Ireland Information Systems Ltd	168,600	386,639	-	-
HCL Technologies Ltd Madurai		1,298,284	-	338,342
HCL Brazil Tecnologia da Informação EIRELI	367,950	7,753,129	-	4,586,975
HCL Technologies (Shanghai) Ltd. - Guoshoujing Branch 7400	-	647,469	-	177,785
HCL Indonesia	-	294,833	70,198	-
HCL AXON Malaysia SDN BHD	329,889	5,446,554	-	3,435,463
HCL Technologies S.A. Venezuela	-	3,369	-	3,245
HCL TECNOLOGIA LIMITED ISRAEL	-	390,996	28,021	-
filial Espanola De HCL Technologies, S.L	163,615	70,011	-	-
HCL TECHNOLOGIES CORPORATE SER *	4,419,573	6,498,635	-	-
HCL Finland Oy	-	663,883	-	449,678
HCL Technologies Ltd Lucknow *	37,662,081	1,510,664	144,214	-
HCL Technologies Limited, Vijayawada	-	1,218,676	-	134,927

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

8. RELATED PARTIES – *Continued*

	<i>31/3/2024</i>		<i>31/3/2023</i>	
	<i>Due from EGP</i>	<i>Due to EGP</i>	<i>Due from EGP</i>	<i>Due to EGP</i>
HCL Hong Kong SAR	-	200,020	-	30,026
HCL ARGENTINA S.A	199,017	-	571,715	-
HCL Asia Pacific Pte. Ltd., Korea Branch	-	102,626	-	-
HCL Latin America Holding, LLC, Panama	-	-	165,103	-
HCL Saudi Arabia LLC	-	120,139	4,292,878	-
HCL Technologies (PTY) Ltd. (Fy HCL Axon PTY Ltd.)	-	442,553	-	270,524
HCL Technologies Columbia S.A.S	140,736	1,468,360	-	601,332
HCL Technologies Limited NAGPUR	-	688,088	-	329,230
Telerx Marketing Inc	-	4,202,626	-	487,044
Hcl Istanbul Bilisim Teknolojileri Ltd. Sti.	-	4,498,241	-	425,359
HCL Technologies Beijing Co., Ltd	-	4,875,847	-	1,735,575
HCL Technologies Mexico	-	1,549,143	-	503,648
HCL Technologies Middle East	-	1,374,032	-	65,938
HCL Technologies Vietnam Company Limited	58,819		58,819	-
HCL Technologies Chile SPA	243,851	275,978	-	29,024
HCL Technologies Lanka (PRIVATE) LIMITED	428,516	4,896,984	-	150,969
HCL Technologies Philippines	-	401,049	-	21,347
HCL TECH Ltd BPO SERVICES	1,795,287	25,200,951	-	23,405,664
C3i Services &Technologies (Dalian) Co.,	-	415,186	-	69,557
HCL Australia Services PTY. Limited	-	43,159	201,091	-
HCL Axon Solutions(Shanghai) Co.Ltd Wuxi 7210	-	50,834	-	34,913
HCL CANADA INC (Fy HCL Axon Technologies Inc.)	-	8,760,180	-	5,728,733
HCL Singapore PTE LIMITED	-	3,249,426	-	2,149,773
HCL South Africa	-	235,033	-	114,152
HCL Tech Norway AS	-	737,847	-	206,238
HCL Tech. Belgium BVBA	-	342,174	-	202,160
HCL Technologies Costa Rica	-	7,249,968	-	2,049,260
HCL Technologies Ltd. Sucursal EM Portugal	-	1,509,862	-	948,640
HCL Technologies Middle EAST FZ LLC	-	1,480,978	-	690,664
HCL Technologies Sweden AB	-	1,035,414	-	635,706
HCL Vietnam Company Limited	-	1,234,557	-	90,970
HCL Technologies Romania S.R.L.	-	449,878	-	26,394
HCL Guatemala, Sociedad Anónima	-	-	72,970	-
HCL Technologies Angola *	18,821,256	-	10,339,362	-
HCL Technologies Taiwan Limited	72,016	-	376,166	-
HCL Technologies Morocco	-	81,423	-	53,047
HCL Technologies Limited - Russia	-	-	-	67,217
HCL Bermuda	507,445	-	-	-
HCL Technologies Italy S.P.A	453,457	-	-	-
HCL technologies Luxembourg	-	231,587	-	-
HCL Tech New Zealand	-	806	-	-
HCL Technologies France SAS	-	2,992,219	-	-
HCL TECHNOLOGIES LIMITED SWISS	-	495,825	-	-
HCL technologies Slovakia	-	8,424	-	-
HCL TECHNOLOGIES STARSHEMA KFT	-	380,740	-	-
HCL Technologies Sweden	-	901,016	-	-
HCL Axon Solution Shanghai Co.Ltd - Suzhou Branch 7710	-	377,455	-	-
HCL Technologies S.A.C	-	2,257,411	-	-
	72,419,508	173,842,672	23,735,569	82,902,921

(*) There is Impairment Loss on trade group receivables with amount 1,792,405 at 31/03/2024.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

9. OTHER RECEIVABLES

	<i>31/3/2024 EGP</i>	<i>31/3/2023 EGP</i>
Deposit - Financial Asset	57,592	57,592
Accrued Revenue	12,032,110	3,658,374
Advances to Suppliers	73,800	838,619
Withholding taxes – tax authorities	207,377	80,643
Deferred Cost	3,103	10,900
Other Receivables	-	34,057
Prepaid Expenses	1,262,030	1,258,403
	13,636,012	5,938,588

10. CASH AND CASH EQUIVALENTS

	<i>31/3/2024 EGP</i>	<i>31/3/2023 EGP</i>
Cash at Banks EGP	106,152,804	47,454,506
Cash at Banks USD	232,846	7,208,007
	106,385,650	54,662,513

11. CAPITAL

The Company's capital amounted to EGP 4,210,790 divided over 421,079 quota of EGP 10 each.

The extraordinary general assembly held on 22 June 2017 decided to increase the Company's capital by EGP 443,400 to reach EGP 4,654,190 divided over 465,419 quotas of a par value of EGP 10 as follows:

	<i>%</i>	<i>Number of quotas</i>	<i>Amount L.E.</i>
HCL Technologies UK Limited	99.99998	465,418	4,654,180
HCL EAS Limited	0.000023	1	10
	100	465,419	4,654,190

12. ACCRUED EXPENSES AND OTHER PAYABLES

	<i>31/3/2024 EGP</i>	<i>31/3/2023 EGP</i>
Accrued expenses	12,105,300	6,558,414
Deferred revenue	4,885,865	1,442,703
Tax authority- value added taxes	1,045,599	1,085,613
Tax authority – withholding taxes	2,345,402	5,986,319
salaries and wages and employee benefits	4,483,571	3,711,910
Social comprehensive insurance	444,702	319,372
Advances From Customers	258,202	1,887,392
	25,568,641	20,991,723

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

13. REVENUE

	<i>31/3/2024 EGP</i>	<i>31/3/2023 EGP</i>
Sale of services	170,381,251	127,748,959
	<u>170,381,251</u>	<u>127,748,959</u>

14. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>31/3/2024 EGP</i>	<i>31/3/2023 EGP</i>
Legal Expenses	427,913	706,257
Professional fees	3,197,441	1,426,142
Bank charges	127,639	106,040
Telephone And Telex & IT Expense	337,693	1,199,878
Rent Office Premises	710,967	466,444
Equipment Rentals	2,322,526	107,174
Office supplies	1,086,344	1,060,052
Other expense	160,310	96,015
Casual Technical staff services	2,688,338	1,359,115
Social comprehensive insurance (*)	444,702	-
Taxis & Travel	24,262	20,350
Courier Charges	357,433	793,039
Computer consumable	190,455	-
Rates & Taxes	511,531	716,001
	<u>12,587,554</u>	<u>8,056,507</u>

(*) Social comprehensive insurance is presented at 31/03/2023 as cost of revenue with an amount of EGP 452,255.

15. FINANCE INCOME (COSTS)

	<i>31/3/2024 EGP</i>	<i>31/3/2023 EGP</i>
Foreign exchange Loss	(38,811,480)	(15,743,217)
Foreign exchange Gain	3,264,268	5,218,752
Interest income on customer Finance lease	16,897	35,300
	<u>(35,530,315)</u>	<u>(10,489,165)</u>

16. EARNING/(LOSS) PER QUOTA

	<i>31/3/2024 EGP</i>	<i>31/3/2023 EGP</i>
Profit/(Loss) for the year	<u>4,522,678</u>	<u>(2,379,168)</u>
Weighted average numbers of Quotas outstanding during the year	465,419	465,419
Earnings/(loss) per Quota	<u>9.72</u>	<u>(5.11)</u>

NOTES TO THE FINANCIAL STATEMENTS

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17. TAX SITUATION

- **Corporate Tax**
Corporate tax inspection for FY 19-20 is open, No tax inspection took place for the rest of the years.
- **Salary Tax**
Payroll tax inspection notice from inception till 31/3/2022.
- **Withholding Tax**
Last tax inspection took place from inception up to 31 March, 2020 which is closed.
- **Stamp Tax**
Stamp Tax inspection took place from inception up to 31 March, 2020.
- **Value added Tax**
No tax inspection took place from inception up to 31 March, 2024.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Company has exposure to the following risks from its use of financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The General Manager of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the General Manager on their activities.

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables.

Trade and notes receivable

The customer credit risk is established by the Company' policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis.

Due from related parties

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

NOTES TO THE FINANCIAL STATEMENTS

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18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *Continued***b) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income. Financial instruments affected by market risk include interest-bearing loans and borrowings and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company does not hold or issue derivative financial instruments.

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest-bearing time deposit

Foreign currencies exchange rates risk

Exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in exchange rates, which will affect the Company's income. The objective of exchange rate risk management is to manage and control exchange rate risk exposures within acceptable parameters, while optimizing the return. Financial instruments affected by exchange rate risk include cash and cash equivalents, Debtor balances, other financial assets, trade and other payables and other financial liabilities.

c) Liquidity risk

The cash flows, funding requirements and liquidity of the Company are monitored by local Company management. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Company currently has sufficient the cash on demand to meet expected operational expenses, including the servicing the financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Financial liabilities

	<i>Less than 3 Months EGP</i>	<i>More than 3 months EGP</i>	<i>Total EGP</i>
<u>As at 31/3/2024</u>			
Due to related parties	16,841,256	157,001,416	173,842,672
Accrued expense and payables	42,888,855	-	42,888,855
Total undiscounted financial liabilities	59,730,113	157,001,416	216,731,527
<u>As at 31/3/2023</u>			
Due to related parties	43,314,256	39,588,665	82,902,921
Accrued expense and payables	29,959,279	-	29,959,279
Total undiscounted financial liabilities	73,273,535	39,588,665	112,862,200

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash at bank, accounts receivable and due from related parties and other receivables. Financial liabilities consist of due to related parties, income taxes payable and accrued expenses and other payables.

The fair value of financial instruments are not materially different from their carrying values.

20. NEW EDITIONS AND AMENDMENTS TO EGYPTIAN ACCOUNTING STANDARDS

On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, the following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (34) amended 2023 "Investment property".	<p>1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property.</p> <p>2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting " - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 	Management is currently studying the possibility of changing the applied accounting policy and using the fair value model option stated in the standard and assessing the potential impact on the financial statements in case of using this option.	The amendments of adding the option to use the fair value model are effective for financial periods starting on or after January 1, 2023 retrospectively , cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time .
Egyptian Accounting Standard No. (36) amended 2023 "Exploration for and Evaluation of Mineral Resources"	1- This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets.	Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in the standard and	The amendments of adding the option to use the revaluation model are effective for financial periods starting on or after January 1, 2023 .

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	<p>2- The company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets" or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.</p>	<p>assessing the potential impact on the financial statements in case of using this option.</p>	<p>retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</p>
Egyptian Accounting Standard No. (35) amended 2023 "Agriculture".	<p>This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5a) - (5c) and (63) were added, with respect to the accounting treatment of agricultural produce harvested, (Egyptian Accounting Standard (10) "Fixed assets" was amended accordingly).</p>	<p>Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.</p>	<p>These amendments are effective for annual financial periods starting on or after January 1, 2023 retrospectively, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.</p>

21. SUBSEQUENT EVENT

The Monetary Policy Committee of the Central Bank of Egypt in its meeting on February 1, 2024, decided raising the interest rate by 2% on deposits and lending.

The Central Bank of Egypt announced in an exceptional meeting on March 6, 2024, decided raising the interest rate by 6% on deposits and lending. Also announced the floatation of the exchange rate according to the market considerations since that date.