

# **GEOMETRIC AMERICAS, INC.**

## **Financial Statements**

**For the Years Ended March 31, 2021 and 2022**

**With Report of Independent Auditors**

# Geometric Americas, Inc.

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# Geometric Americas, Inc.

## Balance Sheets

Amount in USD, Except share and per share data

|   | As at             |                   |
|---|-------------------|-------------------|
|   | March 31, 2021    | March 31, 2022    |
| <b>ASSETS</b>   |                   |                   |
| <b>Current assets</b>   |                   |                   |
| Cash and cash equivalents   | 4,328,715         | 13,595,298        |
| Accounts receivable, net  | 8,208,498         | 5,745,377         |
| Unbilled receivable   | 907,327           | 1,475,380         |
| Advance income tax ,net   | 508,758           | -                 |
| Short term loan to related party  | 4,150,000         | 2,000,000         |
| Other current assets  | 5,435,721         | 1,818,648         |
| <b>Total current assets</b>   | <b>23,539,019</b> | <b>24,634,703</b> |
| Deferred income taxes, net  | 143,743           | 365,994           |
| Property and equipment, net   | 227,242           | 625,683           |
| Operating lease right-of-use assets   | 884,356           | 529,949           |
| Other assets  | 133,489           | 127,593           |
| <b>Total assets</b>   | <b>24,927,849</b> | <b>26,283,922</b> |
| <b>LIABILITIES AND EQUITY</b>   |                   |                   |
| <b>Current liabilities</b>  |                   |                   |
| Current portion of operating lease liabilities  | 349,549           | 300,882           |
| Accounts payable  | 1,688,358         | 2,896,788         |
| Accrued employee costs  | 1,620,252         | 1,454,818         |
| Contract liabilities  | 3,043,973         | 3,678,756         |
| Income taxes payable , net  | -                 | 232,203           |
| Other current liabilities   | 1,706,057         | 1,160,960         |
| <b>Total current liabilities</b>  | <b>8,408,189</b>  | <b>9,724,407</b>  |
| Operating lease liabilities, net of current portion                                       | 572,222           | 245,813           |
| Contract liabilities-non current  | 565,658           | 729,143           |
| Other non current liabilities   | -                 | 8,455             |
| <b>Total liabilities</b>  | <b>9,546,069</b>  | <b>10,707,818</b> |
| <b>Shareholders' Equity</b>   |                   |                   |
| Common stock, no par value. Authorized 10,000 shares; issued and outstanding 1,432 shares | 12,062,771        | 12,062,771        |
| Additional paid-in capital  | 276,178           | 276,178           |
| Retained earnings   | 3,042,831         | 3,237,155         |
| <b>Total equity</b>   | <b>15,381,780</b> | <b>15,576,104</b> |
| <b>Total liabilities and equity</b>   | <b>24,927,849</b> | <b>26,283,922</b> |

### Commitments and contingencies (Note 16)

See accompanying notes to the financial statements.

**Geometric Americas, Inc.**  
**Statements of Income and Other Comprehensive Income**  
*Amount in USD, Except share and per share data*

|   | <b>Year ended March 31,</b> |                   |
|---|-----------------------------|-------------------|
|   | <b>2021</b>                 | <b>2022</b>       |
| <b>Revenues</b>   | <b>30,595,803</b>           | <b>31,488,387</b> |
| Cost of revenues (exclusive of depreciation and amortization) | 22,219,663                  | 30,075,170        |
| <b>Gross profit</b>   | <b>8,376,140</b>            | <b>1,413,217</b>  |
| Selling, general and administrative expenses                  | 4,241,907                   | 249,710           |
| Depreciation and amortization                                 | 2,896,947                   | 159,551           |
| Other income, net   | (172,304)                   | (143,249)         |
| Finance cost  | 54,030                      | 30,201            |
| <b>Income before income taxes</b>                             | <b>1,355,560</b>            | <b>1,117,004</b>  |
| Provision for income taxes                                    | 631,295                     | 922,680           |
| <b>Net income</b>   | <b>724,265</b>              | <b>194,324</b>    |
| <b>Other comprehensive income</b>                             | <b>-</b>                    | <b>-</b>          |
| <b>Total comprehensive income</b>                             | <b>724,265</b>              | <b>194,324</b>    |

**Earnings per equity share (See note 14)**

|         |       |       |
|---------|-------|-------|
| Basic   | \$506 | \$136 |
| Diluted | \$506 | \$136 |

**Weighted average number of equity shares used in computing earnings per equity share**

|         |       |       |
|---------|-------|-------|
| Basic   | 1,432 | 1,432 |
| Diluted | 1,432 | 1,432 |

See accompanying notes to the financial statements.

# Geometric Americas, Inc.

## Statement of Equity

*Amount in USD, Except share and per share data*

|                                      | Common Stock |                   |                            |                   |                   |
|--------------------------------------|--------------|-------------------|----------------------------|-------------------|-------------------|
|                                      | No of Stock  | Par Value         | Additional paid-in capital | Retained earnings | Total Equity      |
| <b>Balances as at April 1, 2020</b>  | <b>1,432</b> | <b>12,062,771</b> | <b>276,178</b>             | <b>2,318,566</b>  | <b>14,657,515</b> |
| Net income                           | -            | -                 | -                          | 724,265           | 724,265           |
| <b>Balances as at March 31, 2021</b> | <b>1,432</b> | <b>12,062,771</b> | <b>276,178</b>             | <b>3,042,831</b>  | <b>15,381,780</b> |

See accompanying notes to the financial statements.

|                                      | Common Stock |                   |                            |                   |                   |
|--------------------------------------|--------------|-------------------|----------------------------|-------------------|-------------------|
|                                      | No of Stock  | Par Value         | Additional paid-in capital | Retained earnings | Total Equity      |
| <b>Balances as at April 1, 2021</b>  | <b>1,432</b> | <b>12,062,771</b> | <b>276,178</b>             | <b>3,042,831</b>  | <b>15,381,780</b> |
| Net income                           | -            | -                 | -                          | 194,324           | 194,324           |
| <b>Balances as at March 31, 2022</b> | <b>1,432</b> | <b>12,062,771</b> | <b>276,178</b>             | <b>3,237,155</b>  | <b>15,576,104</b> |

See accompanying notes to the financial statements.

**Geometric Americas, Inc.**  
**Statement of Cash Flows**  
*Amount in USD, Except share and per share data*

|   | <b>Year ended March 31,</b> |                   |
|---|-----------------------------|-------------------|
|   | <b>2021</b>                 | <b>2022</b>       |
| <b>Cash flows from operating activities</b>   |                             |                   |
| <b>Net income</b>   | <b>724,265</b>              | <b>194,324</b>    |
| <i>Adjustments to reconcile net income to net cash provided by operating activities</i> |                             |                   |
| Depreciation and amortization   | 2,896,947                   | 159,551           |
| Provision for doubtful accounts, net  | 189,367                     | 60,605            |
| Deferred income taxes   | (624,823)                   | (222,251)         |
| <b>Changes in assets and liabilities</b>  |                             |                   |
| Accounts receivable and unbilled receivables  | 2,891,546                   | 1,834,463         |
| Current assets, operating lease right-of-use assets and other assets                    | (3,554,423)                 | 4,486,135         |
| Accounts payable  | (1,172,935)                 | 1,208,430         |
| Contract liabilities  | 451,011                     | 798,268           |
| Current liabilities, operating lease liabilities and other liabilities                  | 1,689,306                   | (844,949)         |
| <b>Net cash provided by operating activities</b>  | <b>3,490,261</b>            | <b>7,674,576</b>  |
| <b>Cash flows from investing activities</b>   |                             |                   |
| Purchase of property and equipment  | (103,826)                   | (557,993)         |
| Proceeds from Short term loan given to related party                                    | 2,500,000                   | 2,150,000         |
| <b>Net cash used in investing activities</b>  | <b>2,396,174</b>            | <b>1,592,007</b>  |
| <b>Cash flows from financing activities</b>   |                             |                   |
| Repayment of short term borrowings from related party                                   | (3,000,000)                 | -                 |
| <b>Net cash (used in)/provided by financing activities</b>                              | <b>(3,000,000)</b>          | <b>-</b>          |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                             | <b>2,886,435</b>            | <b>9,266,583</b>  |
| Cash and cash equivalents at the beginning of the year                                  | 1,442,280                   | 4,328,715         |
| <b>Cash and cash equivalents at the end of the year</b>                                 | <b>4,328,715</b>            | <b>13,595,298</b> |
| <b>Supplemental disclosures of cash flow</b>  |                             |                   |
| Cash payments for interest expenses   | 30,191                      | -                 |
| Cash payments for income taxes  | 321,263                     | 403,970           |

See accompanying notes to the financial statements.

**Geometric Americas, Inc.**  
**Notes to the Financial Statements**  
*Amounts in USD, Except share and per share data*

**1. ORGANIZATION AND NATURE OF OPERATIONS**

Geometric Americas, Inc. ("GAI" or "the Company") was incorporated on August 18, 1997 as a Massachusetts corporation. GAI's operations are primarily located in the Midwestern United States, where it is engaged in providing engineering services to major automotive, agricultural, construction equipment manufacturers, and related tier one suppliers. Additionally, GAI provides marketing assistance and promotes software products as well as provides software consultancy services.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*a) Basis of preparation of financial statements*

The accompanying financial statements are prepared based on US generally accepted accounting principles ("US GAAP"). These financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

The Company uses the United States Dollar ('\$' or 'USD') as its reporting currency.

*b) Use of estimates*

The preparation of financial statements in conformity with US GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (loss) that are reported & disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. The most significant estimates relate to contract cost expected to be incurred to complete software development, allowance for uncollectible accounts receivables, income taxes, the measurement of lease liabilities and right of use assets, the useful lives of property and equipment, valuation allowance for deferred tax assets, measurement of uncertain tax positions, estimate of future cash flows used in assessing impairment and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the period in which changes are made. Actual results could differ from those estimates.

In view of pandemic relating to COVID -19, the Company has considered and taken into account internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled receivables, other assets, impact on revenues and costs and impact on leases, including but not limited to the assessment of liquidity and going concern assumption. However, the actual impact of COVID-19 on the Company's financial statements may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.

*c) Functional currency and transaction*

The functional currency of the Company is the United States Dollar (USD). Transactions in foreign currency are recorded at an appropriate daily exchange rate. Monetary assets and liabilities denominated in foreign currencies are expressed in the functional currency at the exchange rates in effect at the balance sheet date. Gains or losses resulting from foreign currency transactions are included in the statement of income and other comprehensive income.

**Geometric Americas, Inc.**  
**Notes to the Financial Statements**  
*Amounts in USD, Except share and per share data*

*d) Revenue recognition*

*Contracts involving provision of services and material*

Revenue is recognized when, or as, control of a promised service or good transfers to a client, in an amount that reflects the consideration to which the company expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. A contract is accounted when it is legally enforceable through executory contracts, approval and commitment from all parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable

*Time-and-material/Volume based/ Transaction based contracts*

Revenue with respect to time-and-material, volume based and transaction-based contracts is recognized as the related services are performed through efforts expended, volume serviced, transactions processed etc. that correspond with value transferred to customer till date which is related to our right to invoice for services performed for contracts, in accordance with the practical expedient in ASC 606-10-55-18

*Fixed Price contracts*

Revenue related to Fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration, complex network building contracts, system implementations and application development is recognized based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (i.e., percentage-of-completion (POC) method of accounting). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified. Provisions for estimated losses, if any, on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Contract losses are determined to be the amount by which the estimated direct and incremental cost to complete exceeds the estimated total revenues that will be generated by the contract and are included in cost of revenues and classified in other accrued liabilities.

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered, in accordance with the practical expedient in ASC 606-10-55-18. If invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost-to-cost method described above.

In arrangements involving sharing of customer revenues, revenue is recognized when the right to receive is established.

Revenue from product sales is shown net of sale tax, discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item continues to be in inventory.



**Geometric Americas, Inc.**  
**Notes to the Financial Statements**  
*Amounts in USD, Except share and per share data*

*Multiple-performance obligations*

When a sales arrangement contains multiple performance obligations, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a five-step approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which company would sell a promised good or service separately to the customer. When not directly observable, we estimate standalone selling price by using the expected cost plus a margin approach. We establish a standalone selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change. If the arrangement contains obligations related to License of Intellectual property (Software) or Lease deliverable, the arrangement consideration allocated to the Software deliverables, lease deliverable as a company is then allocated to each software obligation and lease deliverable using the guidance for recognizing Software revenue (ASC 606-10-55) and the lease revenue, as amended.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation. Revenues relating to such transition activities are classified as Contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental costs in relation to such transition activities which are expected to be recoverable under the contract and generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future are considered as contract fulfillment costs classified as deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs and other upfront fee paid to customers are deferred and classified as Deferred contract cost and amortized to revenue or cost, usually on a straight-line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the Company is a principal to the transaction and net of costs when the Company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Company is a principal or an agent, most notably being whether company control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

Volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

**Geometric Americas, Inc.**  
**Notes to the Financial Statements**  
*Amounts in USD, Except share and per share data*

Revenue recognized but not billed to customers is classified either as Contract assets or Unbilled receivable in our statements of financial position, Contract assets primarily relate to unbilled amounts on those contracts utilizing the cost-to-cost method of revenue recognition and right to consideration is not unconditional. Unbilled receivable represents contracts where right to consideration is unconditional (i.e., only the passage of time is required before the payment is due). A contract liability arises when there is excess billing over the revenue recognized.

Revenue from sales-type leases is recognized when risk of loss has been transferred to the client and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client.

Interest attributable to sales-type leases and direct financing leases included therein is recognized on an accrual basis using the effective interest method.

*e) Property and equipment*

Property and equipment are stated at cost less accumulated depreciation which is computed using the straight-line method over the estimated useful lives of the assets, which are as follows:

| <b>Assets</b>                          | <b>Asset life (in years)</b> |
|--|------------------------------|
| Computer hardware                      | 4 to 5                       |
| Computer software                      | 3                            |
| Furniture, fixtures & office equipment | 5 to 7                       |

Advances paid towards the acquisition of property and equipment and cost of property and equipment not put to use before the balance sheet date are classified as capital work-in-progress (Note 8).

*f) Leases*

A lease is a contract that contains right to control the use of an identified asset for a period of time in exchange for consideration.

*Company as Lessee*

Company is Lessee in case of office space. These leases are evaluated to determine whether it contains a lease and they are classified as Finance lease or Operating lease in accordance with Financial Accounting Standard Board's (FASB) guidance under ASC 842, 'Accounting for Leases'.

All leases with a term of more than 12 months are recognized as right-of-use assets along with associated lease liabilities, in the balance sheet.

Right-of-use assets represent the entity's right to control the underlying assets under lease, and the lease liability is the obligation to make the lease payments related to the underlying assets under lease. Right-of-use assets are for finance lease and operating lease.

Operating lease - Right-of-use asset is measured initially based on the lease liability adjusted for any initial direct costs, prepaid rent, and lease Incentives. Right-of-use asset is depreciated based on straight line method over the lease term or useful life of right-of-use asset, whichever is less.

Finance lease – Right-of-use asset is capitalized at the lower of the net present value of the total amount of rent payable under the leasing agreement (excluding finance charges) or the fair market value of the leased asset. Finance lease assets are depreciated on a straight-line basis, over a period consistent with the Company's normal depreciation policy for tangible fixed assets, but not exceeding the lease term. Interest charges are expensed over the period of the lease in relation to the carrying value of the finance lease obligation.

Subsequently, right-of-use asset is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of lease liability.

**Geometric Americas, Inc.**  
**Notes to the Financial Statements**  
*Amounts in USD, Except share and per share data*

The lease liabilities are measured at the lease commencement date and determined using the present value of the minimum lease payments not yet paid and the entity's incremental borrowing rate, which approximates the rate at which the entity would borrow in the country where the lease was executed. The lease payment comprises fixed payment less any lease incentives, variable lease payment that depends on an index or a rate, exercise price of a purchase option if the entity is reasonably certain to exercise the option and payment of penalties for terminating the lease, if the lease term reflects the company exercising an option to terminate the lease. Lease Liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made and remeasuring the carrying amount to reflect any reassessment or modification, if any.

The entity has elected to not recognize leases with a lease term of 12 months or less in the balance sheet, including those acquired in a business combination, and lease costs for those short-term leases are recognized on a straight-line basis over the lease term in the statement of income. For all asset classes, the entity has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract.

*Company as Lessor*

When substantially all the risks and rewards of property ownership have been transferred to the Company, as determined by the test criteria in FASB's guidance under ASC 842, the lease qualifies as a finance lease which is further sub classified into sales type lease or direct finance lease. For a sales-type lease, the net investment in the lease is measured at commencement date as the sum of the lease receivable, the estimated guaranteed and unguaranteed residual value of the equipment. Any selling profit or loss arising from a sales-type lease is recorded at lease commencement.

Operating lease income and expense is recognized on a straight-line basis over the term of the lease.

When arrangements include multiple performance obligations, the company allocates the consideration in the contract between the lease components and the non-lease components on a relative standalone selling price basis.

*g) Goodwill*

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. Goodwill is not amortized but is reviewed for impairment annually or more frequently if indicators arise. Goodwill is tested annually on March 31, for impairment, or sooner when circumstances indicate impairment may exist, using a fair-value approach. The fair value used in this evaluation is estimated based upon discounted future cash flow projections. These cash flow projections are based upon a number of estimates and assumptions. Impairment loss of \$2,828,090 has been recorded for the year ended March 31, 2021.

*h) Income taxes*

Income taxes are accounted for using the asset and liability method. Under this method, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax base of assets and liabilities and their financial reporting amounts at each balance sheet date, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. If it is determined that it is more likely than not that future tax benefits associated with a deferred income tax asset will not be realized, a valuation allowance is provided. The effect on deferred income tax assets and liabilities due to change in the tax rates is recognized in income in the period that includes the enactment date. Provision for income taxes also includes the impact of provisions established for uncertain income tax positions, as well as the related interest and penalties.

**Geometric Americas, Inc.**  
**Notes to the Financial Statements**  
*Amounts in USD, Except share and per share data*

*i) Employee benefits*

*Compensated absences:* The employees of the company are entitled to compensated absences. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The company measures the expected cost of compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. Non-accumulating compensated absences are recognized in the period in which the absences occur.

The accrual for unutilized leave balance is determined for the entire available leave balance standing to the credit of the employees at period-end. The leave balance eligible for carryforward is valued at gross compensation cost.

*j) Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed in the statement of income and other comprehensive income.

*k) Concentration of credit risk*

Financial instruments that potentially subject the Company to concentration of credit risks consist principally of accounts receivables. To reduce its credit risk on accounts receivables, the Company performs ongoing credit evaluation of customers.

*l) Cash and cash equivalents*

The Company considers all highly liquid investments with an original maturity of three months or less, at the date of purchase/investment, to be cash equivalents. Cash and cash equivalents comprise cash in hand and balance with banks.

*m) Earnings per share*

Basic and diluted earnings per share are computed using the weighted average number of equity shares outstanding during the period.

**3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

*New accounting pronouncements*

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 (ASU 2016-13) "Financial Instruments—Credit Losses" which require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is to be deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The amendments are effective for the fiscal year beginning April 01, 2023 including interim periods within those fiscal years. The Company is currently in the process of evaluating the impact that adoption of this standard will have on its financial statements.

**Geometric Americas, Inc.**  
**Notes to the Financial Statements**  
*Amounts in USD, Except share and per share data*

In May 2019, the FASB issued ASU No. 2019-05, "Financial Instruments—Credit Losses (Topic 326)." The ASU provides final guidance that allows entities to make an irrevocable one-time election upon adoption of the new credit losses standard to measure financial assets measured at amortized cost (except held-to-maturity securities) using the fair value option. The amendments are effective for the fiscal year beginning April 01, 2023, including interim periods within those fiscal years. The Company is currently in the process of evaluating the impact that adoption of this standard will have on its financial statements.

In November 2021, the FASB issued ASU No. 2021-09, Leases (Topic 842). The amendments in this Update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. The ASU amendments are effective for fiscal years beginning April 01, 2022. Early adoption of the amendments is permitted. The Company is currently in the process of evaluating the impact that adoption of this standard will have on its financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740). The amendments in this Update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The ASU amendments are effective for fiscal years beginning April 01, 2022. Early adoption of the amendments is permitted. The Company is currently in the process of evaluating the impact that adoption of this standard will have on its financial statements.

# Geometric Americas, Inc.

## Notes to the Financial Statements

Amount in USD, Except share and per share data

### 4. CASH AND CASH EQUIVALENTS

The cash and cash equivalents as of March 31, 2021 and 2022, are as follows:

|                     | <u>March 31, 2021</u>   | <u>March 31, 2022</u>    |
|---------------------|-------------------------|--------------------------|
| Balances with banks | 4,328,715               | 13,595,298               |
|                     | <u><b>4,328,715</b></u> | <u><b>13,595,298</b></u> |

### 5. ALLOWANCE FOR ACCOUNTS RECEIVABLE

The Company maintains an allowance for uncollectible receivables based on the trade receivables at the end of the year. Factors considered by the management in determining the adequacy of the allowance includes the present and prospective financial condition of the debtors and the ageing of the trade receivables.

The movement in allowance for accounts receivables is given below:

|   | <u>March 31, 2021</u> | <u>March 31, 2022</u> |
|---|-----------------------|-----------------------|
| Balance at the beginning of the year                | 267,096               | 369,228               |
| Additional provision during the year                | 116,514               | -                     |
| Deductions on account of write offs and collections | (14,382)              | -                     |
| Balance at the end of the year                      | <u><b>369,228</b></u> | <u><b>369,228</b></u> |

### 6. SHORT TERM LOAN TO RELATED PARTY

As of March 31, 2021 and March 31, 2022 short term borrowings comprise the following:

|                       | <u>March 31, 2021</u>   | <u>March 31, 2022</u>   |
|-----------------------|-------------------------|-------------------------|
| Loan to related party | 4,150,000               | 2,000,000               |
|                       | <u><b>4,150,000</b></u> | <u><b>2,000,000</b></u> |

Loan carries a mutually agreed simple interest of LIBOR+1% and the loan shall be repaid no later than twelve months and is further extendable for additional one year.

### 7. OTHER CURRENT ASSETS

As of March 31, 2021 and March 31, 2022 other current assets comprise the following:

|                        | <u>March 31, 2021</u>   | <u>March 31, 2022</u>   |
|------------------------|-------------------------|-------------------------|
| Prepaid expenses       | 354,315                 | 200,113                 |
| Employee advances      | 882                     | 56,831                  |
| Interest receivable    | 9,772                   | 3,754                   |
| Deferred contract cost | 1,669,893               | 1,286,103               |
| Advance to suppliers   | 8,579                   | 18,059                  |
| Other                  | 3,392,280               | 253,788                 |
|                        | <u><b>5,435,721</b></u> | <u><b>1,818,648</b></u> |

# Geometric Americas, Inc.

## Notes to the Financial Statements

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### 8. PROPERTY AND EQUIPMENT, NET

As of March 31, 2021 and March 31, 2022 property and equipment comprise the following:

|                                    | <b>March 31, 2021</b> | <b>March 31, 2022</b> |
|------------------------------------|-----------------------|-----------------------|
| Office equipment                   | 73,536                | 73,536                |
| Computer hardware                  | 331,999               | 875,959               |
| Computer software                  | 11,752                | 24,572                |
| Furniture and fixtures             | 142,919               | 145,418               |
| Capital work in progress           | 6,611                 | 5,324                 |
|                                    | <b>566,817</b>        | <b>1,124,809</b>      |
| Less: Accumulated depreciation     | (339,575)             | (499,127)             |
| <b>Property and equipment, net</b> | <b>227,242</b>        | <b>625,682</b>        |

Depreciation expense was \$2,896,947 (including impairment of goodwill of \$2,828,090) and 159,551 for the years ended March 31, 2021 and March 31, 2022 respectively.

### 9. OTHER ASSETS

As of March 31, 2021 and March 31, 2022, other assets comprise the following:

|                  | <b>March 31, 2021</b> | <b>March 31, 2022</b> |
|------------------|-----------------------|-----------------------|
| Deposits         | 132,574               | 127,593               |
| Prepaid Expenses | 915                   | -                     |
|                  | <b>133,489</b>        | <b>127,593</b>        |

### 10. ACCRUED EMPLOYEE COSTS

As of March 31, 2021 and March 31, 2022, accrued employee costs comprise the following:

|                                  | <b>March 31, 2021</b> | <b>March 31, 2022</b> |
|----------------------------------|-----------------------|-----------------------|
| Accrued salaries                 | 1,050,381             | 959,413               |
| Accrued vacation and holiday pay | 569,871               | 495,405               |
|                                  | <b>1,620,252</b>      | <b>1,454,818</b>      |

**Geometric Americas, Inc.**  
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**11. OTHER CURRENT LIABILITIES**

As of March 31, 2021 and March 31, 2022, other current liabilities comprise the following:

|                                   | <b>March 31, 2021</b> | <b>March 31, 2022</b> |
|-----------------------------------|-----------------------|-----------------------|
| Accrued expenses                  | 1,018,995             | 756,120               |
| Advances from customers           | 11,821                | 1,226                 |
| Sales tax and other taxes payable | 675,241               | 403,614               |
|                                   | <b>1,706,057</b>      | <b>1,160,960</b>      |

**12. SHAREHOLDER'S EQUITY**

The Company has only one class of equity shares. For all matters submitted to vote in the shareholders' meeting, every holder of equity shares, as reflected in the records of the Company shall have one vote in respect of each share held. In the event of liquidation of the affairs of the Company, all preferential amounts, if any, shall be discharged by the Company. The remaining assets of the Company after such discharge shall be distributed to the holders of equity shares in proportion to the number of shares held by them. Shares issued at no par value.

**13. INCOME TAXES**

Income tax expense attributable to income from continuing operations consists of the following:

|   | <b>Year ended</b>     |                       |
|---|-----------------------|-----------------------|
|   | <b>March 31, 2021</b> | <b>March 31, 2022</b> |
| <b>Current</b>                                  |                       |                       |
| Federal tax                                     | 757,784               | 1,062,916             |
| State and local tax                             | 188,165               | 43,654                |
| Other Interest & Penalties                      | -                     | 10,415                |
|   | 945,949               | 1,116,985             |
| Adjustment in respect of prior year WHT         | 37,271                | -                     |
| Adjustment in respect of prior year current tax | 272,898               | 27,946                |
|   | <b>1,256,118</b>      | <b>1,144,931</b>      |
| <b>Deferred</b>                                 |                       |                       |
| Deferred tax for the current year               | (635,467)             | 42,282                |
|   | (635,467)             | 42,282                |
|   | 10,644                | (264,533)             |
|   | <b>(624,823)</b>      | <b>(222,251)</b>      |
| <b>Total tax expense</b>                        | <b>631,295</b>        | <b>922,680</b>        |



**Geometric Americas, Inc.**  
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Significant components of activities that gave rise to deferred tax assets and liabilities included in the financial statements are as follows:

|                                  | Year ended            |                       |
|----------------------------------|-----------------------|-----------------------|
|                                  | <u>March 31, 2021</u> | <u>March 31, 2022</u> |
| <b>Deferred tax assets:</b>      |                       |                       |
| Employee accruals                | 327,402               | 292,388               |
| Doubtful debts                   | 91,396                | 105,872               |
| Others                           | 90,032                | 46,567                |
| <b>Total deferred tax assets</b> | <u><b>508,830</b></u> | <u><b>444,827</b></u> |

**Deferred tax liabilities:**

|  | Year ended              |                        |
|--|-------------------------|------------------------|
|  | <u>March 31, 2021</u>   | <u>March 31, 2022</u>  |
| Goodwill                                   | (255,025)               | -                      |
| Others                                     | (110,062)               | (78,833)               |
| <b>Total deferred tax liabilities</b>      | <u><b>(365,087)</b></u> | <u><b>(78,833)</b></u> |
| <b>Net deferred tax (liability)/assets</b> | <u><b>143,743</b></u>   | <u><b>365,994</b></u>  |

No valuation allowance is provided on deferred tax assets. Management believes that the realization of the deferred tax assets is more likely than not based on the expectation that the Company will generate the necessary taxable income in future periods.

The reported income tax expense attributable to income from continuing operations differed from amounts computed by applying the enacted tax rate to income from continuing operations before income-taxes as a result of the following:

|   | Year ended            |                       |
|---|-----------------------|-----------------------|
|   | <u>March 31, 2021</u> | <u>March 31, 2022</u> |
| Profit before income taxes              | 1,355,560             | 1,117,004             |
| Weighted average enacted tax rate in US | 24.75%                | 24.63%                |
| Computed expected income tax            | 335,547               | 275,129               |
| Effect of :                             |                       |                       |
| Permanent differences                   | (20,816)              | 1,095                 |
| True up of previous years               | 320,813               | (236,587)             |
| Beat tax                                | -                     | 765,318               |
| Others                                  | (4,249)               | 117,725               |
| <b>Reported income tax expense</b>      | <u><b>631,295</b></u> | <u><b>922,680</b></u> |
| <br><b>Effective tax rate</b>           | <br><b>46.57%</b>     | <br><b>82.60%</b>     |

**Geometric Americas, Inc.**  
**Notes to the Financial Statements**  
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**14. EARNINGS PER SHARE**

|   | Year ended     |                |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2022 |
| Net income (loss) as per statement of income and other comprehensive income | 724,355        | 194,324        |
| Weighted average number of shares outstanding in calculating basic EPS      | 1,432          | 1,432          |
| Weighted average number of shares outstanding in calculating dilutive EPS   | 1,432          | 1,432          |
| Earnings per equity share   |                |                |
| - Basic   | \$506          | \$136          |
| - Diluted   | \$506          | \$136          |

**15. RELATED PARTY TRANSACTIONS**

| Sr. No. | Category of related parties   | Names  |
|---------|-------------------------------|--|
| 1       | Parent company                | HCL Technologies Limited   |
| 2       | Entities under common control | Axon Solutions (Shanghai) Co. Limited<br>Butler America Aerospace LLC<br>Geometric Americas, Inc.<br>Geometric China, Inc.<br>Geometric Europe GmbH<br>Geometric SAS<br>Geometric SRL<br>HCL America Inc.<br>HCL America Solutions Inc.<br>HCL Asia Pacific Pte Ltd<br>HCL Canada Inc.<br>HCL Great Britain Limited<br>HCL Mexico S. de R.L.<br>HCL Poland Sp.z.o.o<br>HCL Software Products Limited<br>HCL Technologies Corporate Services Limited<br>HCL Technologies France SAS<br>HCL Technologies Germany GmbH<br>HCL Technologies Limited<br>HCL Technologies Romania s.r.l.<br>HCL Technologies UK Limited<br>Telerox Marketing, Inc.<br>Urban Fulfillment Services LLC |

The transactions entered into by the Company with its related parties are as follows:

| Nature of the transaction             | Parent Company            | Entity under common control | Parent company            | Entity under common control |
|---------------------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
|                                       | Year ended March 31, 2021 |                             | Year ended March 31, 2022 |                             |
| <b>Transactions during the year:</b>  |                           |                             |                           |                             |
| Service income                        | 743,982                   | 6,078,292                   | 348,237                   | 5,120,117                   |
| Software service expenses             | 2,390,223                 | 829,170                     | 8,407,011                 | 1,218,006                   |
| Insurance expense                     | 29,842                    | -                           | 19,475                    | -                           |
| Interest income                       | -                         | 89,290                      | -                         | 62,293                      |
| Interest Expense                      | -                         | 13,520                      | -                         | -                           |
| Marketing cost                        | -                         | -                           | -                         | 28,188                      |
| Rental income                         | -                         | 24,819                      | -                         | 135,917                     |
| Disbursement in respect of loan given | -                         | -                           | -                         | 6,500,000                   |
| Receipt against loan given            | -                         | -                           | -                         | 8,650,000                   |

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|                                  | Parent<br>company         | Entity under<br>common control | Parent<br>company         | Entity under<br>common control |
|----------------------------------|---------------------------|--------------------------------|---------------------------|--------------------------------|
| Balances as at                   | Year ended March 31, 2021 |                                | Year ended March 31, 2022 |                                |
| Account payable                  | 373,321                   | 842,024                        | 36,098                    | 550,849                        |
| Accounts receivables             | 3,508,455                 | 3,477,667                      | 144,791                   | 1,480,820                      |
| Short term loan to group company | -                         | 4,150,000                      | -                         | 2,000,000                      |
| Other assets                     | 1,683,662                 | 39,881                         | 1,286,103                 | 8,216                          |
| Other liabilities                | -                         | -                              | 1,515,521                 | 122,629                        |
| Unbilled receivable              | 731                       | -                              | -                         | -                              |

**16. COMMITMENTS AND CONTINGENCIES**

As of March 31, 2022 and March 31, 2021 the Company had Nil contractual commitments for capital expenditure.

**17. LEASES**

The Company has taken office space. Components of lease cost for operating leases for the year ended March 31, 2022 and March 31, 2021 are summarized below:

|                         | Year Ended     |                |
|-------------------------|----------------|----------------|
|                         | March 31, 2021 | March 31, 2022 |
| Operating Lease cost    | 462,447        | 375,400        |
| Short term Lease cost   | 12,117         | 6,993          |
| <b>Total Lease cost</b> | <b>474,564</b> | <b>382,393</b> |

Operating and short term lease cost is included in cost of revenues, selling general and administrative expenses in statement of Income.

| Other information   | Year Ended     |                |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2022 |
| Cash paid for amounts included in the measurement of lease liabilities: |                |                |
| Operating cash outflows from Operating leases                           | 388,377        | 390,320        |
| Weighted average remaining lease term - Operating leases                | 2.82 Year      | 2.04 Year      |
| Weighted average discount rate - Operating leases                       | 2.06%          | 2.06%          |

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The following table presents a maturity analysis of expected undiscounted cash flows for operating leases on an annual basis for next five years and thereafter, and its reconciliation with respective lease liabilities recorded at the balance sheet date.

|                                | <b>Operating<br/>leases</b> |
|--------------------------------|-----------------------------|
| Year ending March 31,          |                             |
| 2023                           | 308,673                     |
| 2024                           | 178,545                     |
| 2025                           | 36,600                      |
| 2026                           | 33,550                      |
| <b>Total lease payments</b>    | <b>557,368</b>              |
| Imputed interest               | (10,675)                    |
| <b>Total lease liabilities</b> | <b>546,693</b>              |

Certain lease agreements include options to terminate or extend the leases. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Rental expenses under operating leases are amortized on the straight line method. Rent expense for the years ended March 31, 2021 and 2022 amounts to \$474,564 and 382,393, respectively.

#### 18. SEGMENT REPORTING

Operating segments are defined as components of an enterprise for which discrete financial information is available and whose results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance. The Company's holding company, HCL Technologies Limited's chief operating decision maker (CODM) reviews its results for allocation of resources and assessing performance by business segment comprising IT and Business Services, Engineering and R&D Services, and Products & Platforms segments. The ultimate Holding Company monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment which is overall a part of the reorganized entity level business segments. Hence, there is only one reportable segment of the Company. Revenue disaggregation as per geography has been included in note 19.

#### 19. REVENUE FROM CONTRACT WITH CUSTOMERS:

##### A. Disaggregate Revenue Information

The disaggregated revenue from contracts with the customers for the year ended March 31, 2022 and March 31, 2021 by contract type and geography wise.

*Revenues by contract type*

|                   | <b>Year Ended</b>     |                       |
|-------------------|-----------------------|-----------------------|
|                   | <b>March 31, 2021</b> | <b>March 31, 2022</b> |
| Fixed price       | 2,512,363             | 10,792,986            |
| Time and material | 28,083,440            | 20,695,401            |
| <b>Total</b>      | <b>30,595,803</b>     | <b>31,488,387</b>     |

**Geometric Americas, Inc.**  
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*Revenues geography wise*

|              | Year Ended        |                   |
|--------------|-------------------|-------------------|
|              | March 31, 2021    | March 31, 2022    |
| America      | 25,785,430        | 24,399,121        |
| Europe       | 3,015,978         | 3,665,118         |
| India        | 743,982           | 347,586           |
| Others       | 1,050,413         | 3,076,562         |
| <b>Total</b> | <b>30,595,803</b> | <b>31,488,387</b> |

**B. Remaining Performance Obligations**

As of March 31, 2021 and 2022 the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of ASC 606 was \$4,030,966 and \$6,030,000 respectively out of which, approximately 30% and 44% respectively, is expected to be recognized as revenues within one year and the balance beyond one year. This is after exclusions as below:

- a) Contracts for which we recognize revenues based on the right to invoice for services performed,
- b) Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation in accordance with ASC 606-10-25-14(b), for which the criteria in ASC 60610-32-40 have been met, or
- c) Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

**C. Contract Balances**

**Contract assets**

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are recognized where there is excess of revenue over the billings. Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our balance sheet. Contract assets primarily relate to unbilled amounts on fixed price contracts using the cost to cost method of revenue recognition. Unbilled receivable represents contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

**Contract liabilities**

A contract liability arises when there is excess billing over the revenue recognized. The below table discloses the significant movement in contract liabilities:

|   | Year Ended       |                  |
|---|------------------|------------------|
|   | March 31, 2021   | March 31, 2022   |
| Balance at the beginning of the year                        | 3,158,620        | 3,609,631        |
| Additional amounts billed but not recognized as revenue     | 620,802          | 966,655          |
| Deduction on account of revenues recognized during the year | (169,791)        | (168,387)        |
| <b>Closing balance as at year end</b>                       | <b>3,609,631</b> | <b>4,407,899</b> |

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**Deferred contract cost**

Deferred contract cost represents the contract fulfilment cost and cost for obtaining the contract. The below table discloses the significant movement in Deferred contract cost:

|  | Year Ended       |                  |
|--|------------------|------------------|
|  | March 31, 2021   | March 31, 2022   |
| Balance at the beginning of the year                   | -                | 1,669,893        |
| Additional cost capitalised during the year            | 1,669,893        | 1,286,103        |
| Deduction on account of cost amortised during the year | -                | (1,669,893)      |
| Closing balance as at year end                         | <u>1,669,893</u> | <u>1,286,103</u> |

**20. OTHER INCOME, NET**

For the years ended March 31, 2021 and March 31, 2022, other income (expenses), net consist of:

|                                   | Year ended     |                |
|-----------------------------------|----------------|----------------|
|                                   | March 31, 2021 | March 31, 2022 |
| Foreign exchange gain (loss), net | 83,104         | 34,266         |
| Interest income                   | 89,290         | 62,293         |
| Other income                      | -              | 46,690         |
|                                   | <u>172,394</u> | <u>143,249</u> |

**21. FAIR VALUE MEASUREMENT**

The Company's financial instruments, including cash, accounts receivable and accounts payable, are carried at cost, which approximates their fair value because of the short term maturity of these instruments.

**22. SUBSEQUENT EVENTS**

The Company has evaluated all the subsequent events through July 18, 2022, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.