Geometric Europe GmbH

FINANCIAL STATEMENT

For the year ended 31st March 2019 and 31st March 2018

S.R. BATLIBOI & CO. LLP
Chartered Accountants

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
Tel : +91 124 681 6000

INDEPENDENT AUDITOR'S REPORT

To the Members of Geometric Europe GmbH

Opinion

We have audited the accompanying special purpose Ind AS financial statements of Geometric Europe GmbH ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the special purpose Ind AS financial statements in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the special purpose Ind AS financial statements.

Responsibility of Management for the special purpose Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these special purpose Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the special purpose Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose Ind AS financial statements, including the disclosures, and whether the special purpose Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Other Matter

These special purpose Ind AS financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 1(a) to the Ind AS financial statements, which describes the basis of accounting and the related audit covered by the report was carried out following the generally accepted auditing principles in India. This report covering the financial statements of the Company for the year ended March 31, 2019 is intended for the information and use of the board of directors of the Company and HCL Technologies Limited, the holding company to comply with the financial reporting requirement in India. Use of these financial statements or the related audit report for any other purpose will be subject to the above explanation.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Nilangshu Katriar

S.R. BATLIBOI & CO. LLP * GURUGRAM *

per Nilangshu Katriar
Partner
Membership Number: 58814
Place of Signature: Gurugram
Date: June 24, 2019

Geometric Europe GmbH
Balance Sheet as at 31st March 2019
(All amounts in thousands except share data and as stated otherwise)

	Note No.	As at 31 March 2019 (EUR)	As at 31 March 2018 (EUR)	As at 31 March 2019 Refer note 1(a) (₹)
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3.1	43	62	3,254
(b) Capital work in progress		-	1	-
(c) Goodwill	3.2	1,082	1,082	84,024
(d) Financial Assets				
(i) Investments	3.3	2,531	2,531	196,628
(ii) Others	3.4	60	63	4,656
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	3.5	3,736	4,535	290,171
(ii) Cash and cash equivalents	3.6 (a)	1,618	2,920	125,654
(iii) Other bank balances	3.6 (b)	60	-	4,661
(iv) Others	3.7	318	718	24,643
(b) Other current assets	3.8	319	358	24,852
TOTAL ASSETS		**9,767**	**12,270**	**758,543**
II. EQUITY				
(a) Equity share capital	3.9	14,050	14,050	1,091,363
(b) Other equity		(10,448)	(11,321)	(811,515)
Total equity		**3,602**	**2,729**	**279,848**
III. LIABILITIES				
(1) Non - current liabilities				
(a) Provisions	3.14	383	439	29,744
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	3.10	2,050	3,650	159,238
(ii) Trade payables	3.11	1,073	3,142	83,318
(iii) Others	3.12	1,767	1,473	137,109
(b) Other current liabilities	3.13	82	264	6,323
(c) Provisions	3.14	100	114	7,794
(d) Current tax liabilities (Net)		710	459	55,169
TOTAL EQUITY AND LIABILITIES		**9,767**	**12,270**	**758,543**
Summary of significant accounting policies	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 24 JUNE 2019

For and on behalf of the Board of Directors of
Geometric Europe GmbH

Shiv Walia
Managing Director

Bejoy George
Managing Director

Date : 24 JUNE 2019

Geometric Europe GmbH
Profit and Loss for the period ending 31st March 2019
(All amounts in thousands except share data and as stated otherwise)

		Note No.	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019
			(EUR)	(EUR)	(₹)
I	**Revenue**				
	Revenue from operations	3.15	15,928	18,521	1,237,224
	Other income	3.16	88	3	6,806
	Total income		16,016	18,524	1,244,030
II	**Expenses**				
	Employee benefits expense	3.17	7,080	6,977	549,912
	Finance costs	3.18	242	243	18,820
	Outsourcing costs		6,334	8,500	491,977
	Depreciation and amortization expense	3.1, 3.2	25	50	1,947
	Impairment of goodwill	3.2	-	7,000	-
	Other expenses	3.19	1,089	1,269	84,515
	Total expenses		14,770	24,039	1,147,171
III	**Profit before tax**		1,246	(5,515)	96,859
IV	**Tax expense**	3.20			
	Current tax		373	409	28,974
	Total tax expense		373	409	28,974
V	**Profit for the year**		873	(5,924)	67,885
VI	**Other comprehensive income**				
	Items that will not be reclassified to profit or loss		-	-	-
	Items that will be reclassified subsequently to profit or loss		-	-	-
			-	-	-
VII	**Total Comprehensive Income for the year**		873	(5,924)	67,885

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Nilangshu Katriar
Partner

Membership Number: 58814

S.R. BATLIBOI & CO. LLP GURUGRAM

Gurugram, India
Date: 24 JUNE 2019

For and on behalf of the Board of Directors of
Geometric Europe GmbH

Shiv Walia
Managing Director

Bejoy George
Managing Director

Date: 24 JUNE 2019

Geometric Europe GmbH
Statement of Changes in Equity for the year ended 31st March 2019
(All amounts in thousands except share data and as stated otherwise)

(Amount in EUR)

	Equity share capital	Other Equity
Balance as at April 1, 2017	14,050	(5,397)
Loss for the year	-	(5,924)
Other comprehensive income / (loss)	-	-
Total comprehensive income for the year	-	(5,924)
Balance as at March 31, 2018	14,050	(11,321)
Balance as at April 1, 2018	14,050	(11,321)
Profit for the year	-	873
Other comprehensive income / (loss)	-	-
Total comprehensive income for the year	-	873
Balance as at March 31, 2019	14,050	(10,448)

(Amount in ₹)

	Equity share capital	Other Equity
Balance as at April 1, 2018	1,091,363	(879,400)
Profit for the year	-	67,885
Other comprehensive income / (loss)	-	-
Total comprehensive income for the year	-	67,885
Balance as at March 31, 2019	1,091,363	(811,515)

Summary of significant accounting policies (Note 1)

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814

S.R. BATLIBOI & CO. LLP GURUGRAM

Gurugram, India
Date: 24 JUNE 2019

For and on behalf of the Board of Directors of
Geometric Europe GmbH

Shiv Walia
Managing Director

Bejoy George
Managing Director

Date: 24 JUNE 2019

Geometric Europe GmbH
Statement of Cash flow for the period ending 31st March 2019
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2019 (EUR)	Year ended 31 March 2018 (EUR)	Year ended 31 March 2019 Refer note 1(a) (₹)
A. Cash flows from operating activities			
Profit/(loss) before tax	1,246	(5,515)	96,859
Adjustment for:			
Depreciation and amortization	25	50	1,947
Provision for doubtful debts	73	61	5,701
Impairment of goodwill	-	7,000	-
Interest expenses	232	215	18,013
Operating profit before working capital changes	**1,576**	**1,811**	**122,520**
Movement in Working Capital			
(Increase)/decrease in trade receivables	726	(35)	56,419
(Increase)/decrease in other financial assets and other assets	383	1,530	29,619
Increase/ (decrease) in trade payables	(2,070)	(901)	(160,801)
Increase/ (decrease) in provisions, other financial liabilities and other liabilities	(166)	(801)	(12,883)
Cash generated from operations	**449**	**1,604**	**34,874**
Direct taxes paid (net of refunds)	(122)	(17)	(9,484)
Net cash flow from operating activities (A)	**327**	**1,587**	**25,390**
B. Cash flows from investing activities			
Purchase of property,plant and equipment, including capital work in progress and capital advances	(6)	(18)	(478)
Net cash flow used in investing activities (B)	**(6)**	**(18)**	**(478)**
C. Cash flows from financing activities			
Interest paid	(23)	(15)	(1,786)
Proceeds from short term borrowings	3,500	-	271,870
Repayment of short term borrowings	(5,100)	-	(396,153)
Net cash flow used in financing activities (C)	**(1,623)**	**(15)**	**(126,069)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(1,302)	1,554	(101,157)
Cash and cash equivalents at the beginning of the year	2,920	1,366	226,811
Cash and cash equivalents at the end of the year as per note 3.6	**1,618**	**2,920**	**125,654**

Summary of significant accounting policies (Note 1)

As per our report of even date.

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814

S.R. BATLIBOI & CO. LLP GURUGRAM

Gurugram, India
Date: 24 JUNE 2019

For and on behalf of the Board of Directors of
Geometric Europe GmbH

Shiv Walia
Managing Director

Bejoy George
Managing Director

Date : 24 JUNE 2019

ORGANIZATION AND NATURE OF OPERATIONS

Geometric Europe GmbH ("the Company") is domiciled in Germany with its headquarters in Munich. The Company was incorporated in July 2008 and is a specialist in the domain of engineering solutions and Software services.

The financial statements for the year ended 31 March 2019 were approved and authorized for issue by the Board of Directors on 24th June 2019.

1. Summary of Significant accounting policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, (as amended from time to time) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable to the financial statements. These financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

As the company is not domiciled in India and hence not registered under Companies Act 2013, these financial statements have not been prepared to fully comply with the Companies Act 2013, and so they do not reflect all the disclosures requirements of the Act.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The functional currency of the Company is EUR. The translation from EUR to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of EUR 1 = ₹ 77.6771/-, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amount represents, or have been or could be converted into, EUR at that or any other rate.

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses that are reported and 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. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivables, accrual of warranty costs, income taxes, valuation of share-based compensation, future obligations under employee benefit plans, the useful lives of property, plant and equipment, intangible assets, impairment of goodwill, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

c) Foreign currency and translation

The financial statements of the Company are presented in EUR which is also the Company's functional currency. For each foreign operation, the Company determines the functional currency which is its respective local currency.

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Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date of the transaction. Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the year in which the transaction is settled. Revenue, expenses and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

d) 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 acquire. For each business combination, the Company measures the non-controlling interest in the acquire at fair value. Acquisition related costs are expensed as incurred.

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.

e) Revenue recognition

Adoption of new accounting principles

Effective 1 April 2018, the Company has adopted Ind AS 115 using the cumulative effect method. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information is not restated in the financial statement. The adoption of the standard did not have any material impact to the financial statements of the Company.

Contracts involving provision of services and material

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, 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. 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 defined, 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 are processed etc. that correspond with value transferred to customer till date which is related to our right to invoice for services performed.

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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, ERP implementations and Application development are 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 incremental cost to complete exceeds the estimated future revenues that will be generated by the contract and are included in cost of revenues and recorded 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. If our 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.

Multiple performance obligation

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a fivestep 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 typically estimate standalone selling price by using the expected cost plus a margin approach. We typically 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.

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 are considered as contract fulfilment costs classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and recorded as Deferred contract cost and amortized, 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.

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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 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.

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. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

f) Income taxes

Tax expense comprise of current and deferred tax. Current income tax comprises taxes on income from operations in Germany and in foreign jurisdictions. Income tax payable in Germany is determined in accordance with the provisions of the (Grundgesetz) The German Constitution. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in jurisdictions where such operations are domiciled.

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions, as well as the related interest and penalties.

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. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the year that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred

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during the measurement period or recognized in the statement of profit and loss.

g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole.

Expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.
Gains or losses arising from derecognition of assets 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.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work- in- progress.

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

The management's estimates of the useful lives of various assets for computing depreciation are as follows:

Asset description	Asset life (in years)
Plant and equipment (including air conditioners, electrical installations)	10
Office equipment's	5
Computers	4-5
Furniture and fixtures	7
Vehicles - owned	5
Vehicles - leased	Over the period of lease or 5 years, whichever is lower

The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment. The estimated useful lives for these assets are therefore different from the useful lives prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

h) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. 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

S.R. BATLIBOI & CO. LLP * GURUGRAM *

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 in proportion to the expected benefits over the estimated useful lives of the assets as mentioned below:

Asset description	Asset life (in years)
Software	3

i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

j) Leases

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the year in which they are earned.

Leases in which the Company transfers substantially all the risk and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the leased assets. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance leases. The interest income is recognized in the statement

S.R. BATLIBOI & CO. LLP * GURUGRAM *

of profit and loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the statement of profit and loss

k) Impairment of non-financial assets

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's cash generating units (CGU) expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable Company of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Company 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.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset.

l) Earning per share

Company is a limited liability company and there is no need to issue share certificates hence there is no need to calculate earning per share.

m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

n) Retirement and other employee benefits

i. Short-term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, performance incentives etc., are recognized as an expense at the undiscounted amount in the statement of profit and loss for the period in which the employee renders the related service.

S.R. BATLIBOI & CO. LLP
GURUGRAM

ii. **Post employment benefits**

Defined contribution plan:

Social Security contribution:

A defined contribution plan is a post employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee social security to government administered scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

iii. Compensated absences

The employee can carry-forward a portion of the unutilised accrued compensated absences and utilise it in next three months of service periods or receive cash on termination of employment. Compensated absences are expected to occur within twelve months after the end of the period and are classified as a short term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services. The Company accrues for liability in respect of compensated absences for the entire available leave balance standing to the credit of the employees at period end. The leave balance eligible for carry-forward is valued at gross compensation cost and the leave balance subject to encashment are accrued at basic pay.

iv. In respect of superannuation, a defined contribution plan for applicable employees, the company contributes to a scheme administered on its behalf by an insurance company and such contributions for each year of service rendered by the employees are charged to the statement of profit and loss. The company has no further obligations to the superannuation plan beyond its contributions.

v. Gratuity Liability

The company provides for gratuity, a defined benefits plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's base salary and the tenure of the employment. The liability is actuarially determined (using the projected unit method) at the end each year. The Actuarial gains/losses are recognised immediately in the balance sheet with the corresponding debit or credit to retained earnings through other comprehensive income in the year in which they occur.

o) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset. Purchase and sale of financial assets are accounted for at trade date.

Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash in banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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GURUGRAM

Financial instruments at amortized cost

A financial instrument is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category includes cash and bank balances, loans, unbilled receivables, trade and other receivables.

Derecognition of financial assets

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in the statement of profit and loss.

Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities include trade payables, borrowings including bank overdrafts and other payables.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

S.R. BATLIBOI & CO. LLP
GURUGRAM

p) Recently issued accounting pronouncements

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

S.R. BATLIBOI & CO. LLP
GURUGRAM

Geometric Europe GmbH
Notes to financial statements for the year ended 31st March 2019
(All amounts in thousands except share data and as stated otherwise)

3.1 Property, Plant and Equipment

The changes in the carrying value for the year ended 31st March 2019

	Office Equipment	Computers	Furniture and fittings	Vehicles	Total
	EUR	EUR	EUR	EUR	EUR
Gross block as at 1 April 2018	65	186	61	2	314
Additions	1	3	2	-	6
Gross block as at 31st March 2019	**66**	**189**	**63**	**2**	320
Accumulated depreciation as at 1 April 2018	62	136	52	2	252
Charge for the year	2	17	6	0	25
Accumulated depreciationas at 31st March 2019	**64**	**153**	**58**	**2**	277
Net block as at 31st March 2019	**2**	**36**	**5**	**-**	**43**

The changes in the carrying value for the year ended 31 March 2018

	Office Equipment	Computers	Furniture and fittings	Vehicles	Total
	EUR	EUR	EUR	EUR	EUR
Gross block as at 1 April 2017	77	168	49	2	296
Additions	-	18	-	-	18
Adjustments	(12)	-	12	-	-
Gross block as at 31 March 2018	**65**	**186**	**61**	**2**	**314**
Accumulated depreciation as at 1 April 2017	48	122	31	2	203
Charge for the year	14	14	21	0	49
Accumulated depreciationas at 31 March 2018	**62**	**136**	**52**	**2**	**252**
Net block as at 31 March 2018	**3**	**50**	**9**	**-**	**62**

The changes in the carrying value for the year ended 31st March 2019

	Office Equipment	Computers	Furniture and fittings	Vehicles	Total
	(₹)	(₹)	(₹)	(₹)	(₹)
Gross block as at 1 April 2018	5,077	14,429	4,736	192	24,434
Additions	57	206	138	-	401
Gross block as at 31st March 2019	**5,134**	**14,635**	**4,874**	**192**	**24,835**
Accumulated depreciation as at 1 April 2018	4,793	10,583	4,066	192	19,634
Charge for the year	124	1,356	467	0	1,947
Accumulated depreciationas at 31st March 2019	**4,917**	**11,939**	**4,533**	**192**	**21,581**
Net block as at 31st March 2019	**217**	**2,696**	**341**	**-**	**3,254**

S.R. BATLIBOI & CO. LLP
GURUGRAM

Geometric Europe GmbH
Notes to financial statements for the year ended 31st March 2019
(All amounts in thousands except share data and as stated otherwise)

3.2 Goodwill and other Intangible Assets

The changes in the carrying value for the year ended 31st March 2019

	Goodwill	Goodwill
	EUR	(₹)
Gross block as at 1 April 2018	1,082	84,024
Impairment of Goodwill	-	-
Net block as at 31st March 2019	1,082	84,024

The changes in the carrying value for the year ended 31 March 2018

	Goodwill	Software
	EUR	EUR
Gross block as at 1 April 2017	8,082	28
Impairment of Goodwill	(7,000)	-
Gross block as at 31 March 2018	1,082	28
Accumulated depreciation as at 1 April 2017	-	27
Charge for the year	-	1
Accumulated depreciation as at 31 March 2018	-	28
Net block as at 31 March 2018	1,082	-

3.3 Financial Assets - Investments

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Non-current investments - at amortized cost			
Investment in subsidiary companies (unquoted), fully paid up			
24,37,000 equity shares (31 March 2018 : 24,37,000) of EUR 1 each, in Geometric SAS, France	2,437	2,437	189,304
20 equity shares (31 March 2018 : 20) of RON 16.55 each, in Geometric SRL, Romania	94	94	7,324
	2,531	2,531	196,628

3.4 Other financial assets

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Non - current			
Bank deposits with more than 12 months maturity (refer note below)	-	60	-
Security deposits	60	3	4,656
	60	63	4,656

Note:-

1. Pledged with banks as security for guarantees

S.R. BATLIBOI & CO. LLP * GURUGRAM *

Geometric Europe GmbH
Notes to financial statements for the year ended 31st March 2019
(All amounts in thousands except share data and as stated otherwise)

3.5 Trade Receivable

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Current			
Secured considered good			
Unsecured considered good	3,739	4,442	290,412
Trade receivables which have significant increase in credit risk	130	154	10,093
Trade receivables - credit impaired	-		
	3,869	4,595	300,505
Impairment Allowance (allowance for bad and doubtful debts)			
Unsecured, considered good	(3)	94	(242)
Trade receivables which have significant increase in credit Risk	(130)	(154)	(10,092)
Trade receivables - credit impaired			
	3,736	**4,535**	**290,171**

Note:

Includes receivables from related parties amounting to EUR 2,219 (INR 172,366/-) and at March 2018 EUR 775 .(Refer Note 3.22(d)

3.6 Cash and cash equivalent

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
(a) Cash and cash equivalent			
Balance with banks			
-in current accounts	1,618	2,920	125,654
	1,618	2,920	125,654
(b) Other bank balances			
Deposits with remaining maturity upto 12 months(refer note below)	60	-	4,661
	1,678	**2,920**	**130,315**

Note:-

1. Pledged with banks as security for guarantees

3.7 Financial Assets - Others

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Current			
Carried at amortized cost			
Security deposits	9	5	677
Unbilled receivables (Previous year - unbilled revenue)	309	713	23,966
	318	**718**	**24,643**

3.8 Other current assets

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Unsecured , considered good			
Advances other than capital advances			
Advances to employees	88	127	6,834
Advances to suppliers	149	143	11,611
Others			
Deferred contract cost (Previous year - Deferred cost)	0	-	13
Deferred contract cost-related parties (Previous year - Deferred cost - related party) (Refer Note 3.22(d))	-	33	-
Prepaid expenses	82	51	6,390
Other current assets	0	4	4
	319	**358**	**24,852**

S.R. BATLIBOI & CO. LLP ★ GURUGRAM ★

Geometric Europe GmbH
Notes to financial statements for the year ended 31st March 2019
(All amounts in thousands except share data and as stated otherwise)

3.9 Share Capital

	As at		
	31 March 2019	31 March 2018	31 March 2019
	Amount (EUR)	Amount (EUR)	Amount (₹)
Equity share capital	14,050	14,050	1,091,363

Terms/ rights attached to equity shares

In the event of liquidation of the company, the share holders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

Shares held by holding/ultimate holding Company and/or their subsidiaries/associates:-
Out of equity shares issued by the Company, shares held by its holding Company are as below:-

	As at		
	31 March 2019	31 March 2018	31 March 2019
	Amount (EUR)	Amount (EUR)	Amount (₹)
HCL Technologies Limited	14,050	14,050	1,091,363

Details of shareholders holding more than 5 % shares in the company:-

Name of the shareholder	As at		
	31 March 2019	31 March 2018	31 March 2019
	Amount (EUR)	Amount (EUR)	Amount (₹)
HCL Technologies limited	100.00%	100.00%	100.00%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back immediately preceding the reporting date from date of incorporation

Capital management

The primary objective of the Company's capital management is to support business continuity and growth of the company while maximizing the shareholder value. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are generally met through operating cash flows generated.

3.10 Current borrowings

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Unsecured			
From others			
Loan from related party (Refer note 3.22(d))	2,050	3,650	159,238
	2,050	**3,650**	**159,238**

S.R. BATLIBOI & CO. LLP GURUGRAM

Geometric Europe GmbH
Notes to financial statements for the year ended 31st March 2019
(All amounts in thousands except share data and as stated otherwise)

3.11 Trade payables

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Trade payables	87	2	6,745
Trade payables-related parties (Refer Note 3.22(d))	986	3,140	76,573
	1,073	3,142	83,318

3.12 Other financial liabilities

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Current			
Carried at amortized cost			
Interest payable- related parties (Refer Note 3.22(d))	663	454	51,518
Accrued salaries and benefits	465	488	36,121
Others			
Liabilities for expenses	413	441	31,922
Liabilities for expenses-related parties (Refer Note 3.22(d))	226	90	17,548
	1,767	1,473	137,109

3.13 Other current liabilities

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Contract liablities (Previous year - Revenue received in advance)	-	37	-
Others			
Other payables	11	1	835
Withholding and other taxes payable	71	226	5,488
	82	264	6,323

3.14 Provisions

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Non-current			
Provision for employee benefits			
Provision for other employee benefits	307	306	23,810
Provision for leave benefits	76	133	5,934
	383	439	29,744
Current			
Provision for employee benefits			
Provision for leave benefits	100	114	7,794
	100	114	7,794

S.R. BATLIBOI & CO. LLP
GURUGRAM

Geometric Europe GmbH
Notes to financial statements for the year ended 31st March 2019
(All amounts in thousands except share data and as stated otherwise)

3.15 Revenue from operations

	Year Ended		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Sale of services	15,928	18,521	1,237,224
	15,928	**18,521**	**1,237,224**

3.16 Other income

	Year Ended		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Exchange differences gain (net)	85	-	6,592
Provisions no longer required written back (net)	3	-	214
Miscellaneous income	-	3	-
	88	**3**	**6,806**

3.17 Employee benefits expense

	Year Ended		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Salaries, wages and bonus	5,894	5,821	457,852
Social security contribution	1,058	964	82,151
Leave encashment	-	150	-
Other welfare expenses	128	42	9,909
	7,080	**6,977**	**549,912**

3.18 Finance cost

	Year Ended		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Interest Expense	232	215	18,013
Bank charges	10	28	807
	242	**243**	**18,820**

3.19 Other expenses

	Year Ended		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Rent	209	222	16,200
Repairs and maintenance			
- Plant and machinery	8	42	607
- Others	53	22	4,117
Communication costs	88	60	6,814
Travel and conveyance	275	225	21,329
Legal and professional charges	186	245	14,439
Exchange differences loss (net)	-	212	-
Insurance	23	3	1,773
Provision for doubtful debts/ bad debts written off	73	61	5,701
Miscellaneous expenses	174	177	13,535
	1,089	**1,269**	**84,515**

S.R. BATLIBOI & CO. LLP
GURUGRAM

3.20 Income taxes

	Year Ended		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Income tax charged to statement of profit and loss			
Current income tax charge	373	434	28,974
Adjustment in respect of prior year current tax	-	(25)	-
	373	**409**	**28,974**

The reconciliation between the provision for income tax and amount computed by applying the statutory income tax rate is as follows:

	Year Ended		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Profit/(Loss) before income tax	1,246	(5,515)	96,859
Statutory tax rate	15.83%	15.83%	15.83%
Expected tax expense	197	(873)	15,315
Non deductable expenses	3	1,108	243
Trade Tax	173	170	13,416
Others	-	4	-
Total taxes	**373**	**409**	**28,974**
Effective income tax rate	29.96%	-7.42%	29.96%

3.21 Segment Reporting

In the opinion of management company has only one business segment and the company operates majorly in a single geographical segment and hence there are no reportable segments as envisaged in Ind AS 108 'Operating Segments' notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014. Accordingly, no disclosures for segment reporting have been included in the financial statements.

During the year ended 31st March 2019 and 2018 ,five and three customer represent 10% or more of the company's total revenue and accounted for 73% and 51% respectively

3.22 Related party transaction

a) Related parties where control exists

Holding company

HCL Technologies Limited

Subsidiaries

Geometric SAS, France
Geometric SRL, Romania

b) Related Party where transactions have taken place during the year

Holding company

HCL Technologies Limited

Subsidiaries

Geometric SAS, France
Geometric SRL, Romania

Fellow Subsidiaries

HCL Technologies Germany
Geometric Americas Inc.
FILIAL ESPAÑOLA DE HCL SL
HCLTechnologies Sweden AB
HCL EAS Limited
HCL Technologies Finland Oy
HCL (Ireland) Information Systems limited
HCL Technologies B.V.
HCL (Netherlands) B.V.
HCL GmbH
HCL Technologies Estonia
HCL Hong Kong SAR Limited
Axon Solutions (Shanghai) Limited
Geometric China, Inc.

S.R. BATLIBOI & CO. LLP ★ GURUGRAM ★

Geometric Europe GmbH
Notes to financial statements for the year ended 31st March 2019
(All amounts in thousands except share data and as stated otherwise)

c) Transactions with related parties during the normal course of business

Particulars	Sale of Software services			Purchase of Software services		
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019
	(EUR)	(EUR)	(₹)	(EUR)	(EUR)	(₹)
Holding company	86	-	6,708	3,820	5,201	296,748
Total(A)	**86**	**-**	**6,708**	**3,820**	**5,201**	**296,748**
Subsidiaries	2,623	1,535	203,726	174	325	13,543
Total(B)	**2,623**	**1,535**	**203,726**	**174**	**325**	**13,543**
Fellow subsidiaries	827	123	9,100	183	197	6,147
Total(C)	**827**	**123**	**9,100**	**183**	**197**	**6,147**
Grand Total (A+B+C)	**3,536**	**1,658**	**219,534**	**4,177**	**5,723**	**316,438**

Particulars	Interest Expenses			Reimbursement of expenses paid		
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2019	Year ended 31 March 2017	Year ended 31 March 2019
	(EUR)	(EUR)	(₹)	(EUR)	(EUR)	(₹)
Holding company	189	200	14,688	3	-	207
Total(A)	**189**	**200**	**14,688**	**3**	**-**	**207**
Fellow subsidiaries	25	-	1,939	-	-	-
Total(B)	**25**	**-**	**1,939**	**-**	**-**	**-**
Grand Total (A+B)	**214**	**200**	**16,627**	**3**	**-**	**207**

Particulars	Short term loan taken			Short term loan repaid		
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019
	(EUR)	(EUR)	(₹)	(EUR)	(EUR)	(₹)
Holding company	-	-	-	2,400	-	186,425
Total(A)	**-**	**-**	**-**	**2,400**	**-**	**186,425**
Fellow subsidiaries	3,500	-	271,870	2,700	-	209,728
Total(B)	**3,500**	**-**	**271,870**	**2,700**	**-**	**209,728**
Grand Total (A+B)	**3,500**	**-**	**271,870**	**5,100**	**-**	**396,153**

S.R. BATLIBOI & CO. LLP GURUGRAM

Geometric Europe GmbH
Notes to financial statements for the year ended 31st March 2019
(All amounts in thousands except share data and as stated otherwise)

d) Outstanding balances

Particulars	Liability For Expenses			Interest Payable		
	As at			As at		
	31 March 2019	31 March 2018	31 March 2019	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)	(EUR)	(EUR)	(₹)
Holding company	226	90	17,548	643	454	49,978
Total(A)	**226**	**90**	**17,548**	**643**	**454**	**49,978**
Fellow subsidiaries	-	-	-	20	-	1,540
Total(B)	**-**	**-**	**-**	**20**	**-**	**1,540**
Grand Total(A+B)	**226**	**90**	**17,548**	**663**	**454**	**51,518**

Particulars	Trade Receivables			Trade Payable		
	As at			As at		
	31 March 2019	31 March 2018	31 March 2019	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)	(EUR)	(EUR)	(₹)
Holding company	136	87	10,582	875	2,468	67,995
Total(A)	**136**	**87**	**10,582**	**875**	**2,468**	**67,995**
Subsidiaries	1,257	494	97,632	57	429	4,448
Total(B)	**1,257**	**494**	**97,632**	**57**	**429**	**4,448**
Fellow subsidiaries	826	194	64,152	54	243	4,130
Total(C)	**826**	**194**	**64,152**	**54**	**243**	**4,130**
Grand Total(A+B+C)	**2,219**	**775**	**172,366**	**986**	**3,140**	**76,573**

Particulars	Borrowings			Deferred contract cost		
			-	As at		
	31 March 2019	31 March 2018	31 March 2019	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)	(EUR)	(EUR)	(₹)
Holding company	1,250	3,650	97,096	-	33	-
Total(A)	**1,250**	**3,650**	**97,096**	**-**	**33**	**-**
Subsidiaries	800	-	62,142	-	-	-
Total(B)	**800**	**-**	**62,142**	**-**	**-**	**-**
Grand Total (A+B)	**2,050**	**3,650**	**159,238**	**-**	**33**	**-**

S.R. BATLIBOI & CO. LLP
GURUGRAM

3.23 Operating lease

The company's significant leasing arrangements are in respect of operating leases for office spaces. The aggregate lease rental expense recognized in the statement of profit and loss for the year amounts to EUR 209/- (INR 16,200/-) and in the previous year EUR 222/- . Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019
	(EUR)	(EUR)	(₹)
Not later than one year	199	208	15,453
Later than one year and not later than 5 years	796	796	61,812
Later than five years	323	721	56,005
Total	**1,318**	**1,725**	**133,270**

3.24 Financial Instruments

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March, 2019 is as follows:

	Amortized Cost	Total Carrying Value	Amortized Cost	Total Carrying Value
	(EUR)	(EUR)	(₹)	(₹)
Financial Assets				
Trade Receivables	3,736	3,736	290,171	290,171
Cash and Cash Equivalents	1,618	1,618	125,654	125,654
Investments	2,531	2,531	196,628	196,628
Others (refer note 3.4 and 3.7)	378	378	29,299	29,299
Total	8,263	8,263	641,753	641,753
Financial Liabilities				
Trade Payables	1,073	1,073	83,318	83,318
Borrowings	2,050	2,050	159,238	159,238
Others (refer note 3.12)	1,767	1,767	137,109	137,109
Total	4,890	4,890	379,665	379,665

The carrying value of financial instruments by categories as at 31 March, 2018 is as follows:

	As at 31 March 2018	
	Amortized Cost	Total Carrying Value
	(EUR)	(EUR)
Financial Assets		
Trade Receivables	4,535	4,535
Cash and Cash Equivalents	2,920	2,920
Investments	2,531	2,531
Others (refer note 3.4 and 3.7)	781	781
Total	10,767	10,767
Financial Liabilities		
Trade Payables	3,142	3,142
Borrowings	3,650	3,650
Others (refer note 3.12)	1,473	1,473
Total	8,265	8,265

(b) Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments.

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. Market risk comprises of currency risk and interest rate risk. The Company is primarily exposed to fluctuation in foreign currency exchange rates.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's operations.

The exchange rate risk primarily arises from assets and liabilities denominated in curriences other than functional currency. An insignificant portion of the Company's revenue is in other foreign currency while a large protion of costs are in EUR. The fluctuation in exchnges rates in respect to EUR may not have potential impact on the statement of profit and loss and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately EUR 15/- for the year ended 31 March, 2019.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the respective functional currencies of the Company and its branches. The sensitivity analysis presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March, 2019 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	(EUR)	(EUR)	(EUR)	(EUR)
USD/EUR	79	230	1	154
INR/EUR	2	-	0.43	-
GBP/EUR	263	258	187	0

S.R. BATLIBOI & CO. LLP GURUGRAM

(ii) 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 investments are primarily in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

Credit risk

Financial instruments that potentially subject the company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled receivables , finance lease receivables. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance by counterparties.

The allowance for lifetime expected credit loss on customer balances is as below:

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Balance at the beginning of the year	60	-	4,661
Additional provision during the year	73	61	5,701
Deductions on account of write offs and collections	-	-	-
Effect of exchange rates changes	-	(1)	-
Balance at the end of the year	**133**	**60**	**10,362**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The investment philosophy of the Company is capital preservation and liquidity in preference to returns. The Company consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet the financial obligations and maintain adequate liquidity for use.

4 Previous period / year comparatives

The Company has presented its financial statements in " EUR in thousands" and accordingly, amounts less than EUR 0.50 thousands are rounded off to zero.

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 24 JUNE 2019

For and on behalf of the Board of Directors of
Geometric Europe GmbH

Shiv Walia
Managing Director

Bejoy George
Managing Director

Date: 24 JUNE 2019