GEOMETRIC AMERICAS, INC.

Financial Statements

For the Years Ended March 31, 2022 and 2023

With Report of Independent Auditors

B S R & Co. LLP
Chartered Accountants

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Independent auditors' report

To the Board of Directors of Geometric Americas, Inc.

Opinion

We have audited the financial statements of Geometric Americas, Inc. ("the Company"), which comprise the balance sheet as at March 31, 2023, the statement of income and other comprehensive income, equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the 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, then we are required to draw attention in our auditors' 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter – Restriction of Use

As explained in note 2(a), these financial statements are prepared for the use by the Company and the Ultimate Holding Company, HCL Technologies Limited, to comply with the requirements of the Companies Act, 2013. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for another purpose. Our report must not be copied, disclosed, quoted, or referred to, in correspondence or discussion, in whole or in part to anyone other than the purpose for which it has been issued without our prior written consent.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/ W-100022

Prince Sharma

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Partner
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Place: Gurugram, India
Date: 15 June 2023

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Balance Sheets

Amount in USD, Except share and per share data

	As at	
	March 31, 2022	March 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	13,595,298	4,707,287
Accounts receivable, net	5,745,377	6,023,000
Unbilled receivable	1,475,380	1,442,424
Short term loan to related party	2,000,000	2,000,000
Other current assets	1,818,648	651,832
Total current assets	**24,634,703**	**14,824,543**
Long term loan to related party	-	12,000,000
Deferred income taxes, net	365,994	248,014
Property and equipment, net	625,683	415,260
Operating lease right-of-use assets	529,949	331,755
Other assets	127,593	-
Total assets	**26,283,922**	**27,819,572**
LIABILITIES AND EQUITY		
Current liabilities		
Current portion of operating lease liabilities	300,882	195,147
Accounts payable	2,896,788	4,279,078
Accrued employee costs	1,454,818	1,083,979
Contract liabilities	3,678,756	3,776,673
Income taxes payable , net	232,203	525,722
Other current liabilities	1,160,960	1,067,951
Total current liabilities	**9,724,407**	**10,928,549**
Operating lease liabilities, net of current portion	245,813	128,359
Contract liabilities-non current	729,143	946,421
Other non current liabilities	8,455	39,211
Total liabilities	**10,707,818**	**12,042,540**
Shareholders' Equity		
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	3,237,155	3,438,083
Total equity	**15,576,104**	**15,777,032**
Total liabilities and equity	**26,283,922**	**27,819,572**

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

	Year ended March 31,	
	2022	**2023**
Revenues	**31,488,387**	**32,737,662**
Cost of revenues(exclusive of depreciation and amortisation)	30,075,170	31,881,980
Gross profit	**1,413,217**	**855,682**
Selling, general and administrative expenses	249,710	144,303
Depreciation and amortization	159,551	213,548
Other income, net	(143,249)	(1,749,741)
Finance cost	30,201	28,011
Income before income taxes	**1,117,004**	**2,219,561**
Provision for income taxes	922,680	2,018,633
Net income	**194,324**	**200,928**
Other comprehensive income	**-**	**-**
Total comprehensive income	**194,324**	**200,928**
Earnings per equity share (See note 14)		
Basic	$135.70	$140.31
Diluted	$135.70	$140.31
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				
	Number of Stock	**Par Value**	**Additional paid-in capital**	**Retained earnings**	**Total Equity**
Balances as at April 1, 2021	**1,432**	**12,062,771**	**276,178**	**3,042,831**	**15,381,780**
Net income	-	-	-	194,324	194,324
Balances as at March 31, 2022	**1,432**	**12,062,771**	**276,178**	**3,237,155**	**15,576,104**

	Common Stock				
	Number of Stock	**Par Value**	**Additional paid-in capital**	**Retained earnings**	**Total Equity**
Balances as at April 1, 2022	**1,432**	**12,062,771**	**276,178**	**3,237,155**	**15,576,104**
Net income	-	-	-	200,928	200,928
Balances as at March 31, 2023	**1,432**	**12,062,771**	**276,178**	**3,438,083**	**15,777,032**

See accompanying notes to the financial statements.

Geometric Americas, Inc.

Statement of Cash Flows

Amount in USD, Except share and per share data

	Year ended March 31,	
	2022	**2023**
Cash flows from operating activities		
Net income	**194,324**	**200,928**
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	159,551	213,548
Provision for doubtful accounts, net	60,605	(129,016)
Deferred income taxes	(222,251)	117,980
Changes in assets and liabilities		
Accounts receivable and unbilled receivables	1,834,463	(115,651)
Other current, operating lease right-of-use assets and other assets	4,486,135	1,492,602
Accounts payable	1,208,430	1,382,290
Contract liabilities	798,268	315,195
Other current, operating lease liabilities and other liabilities	(844,949)	(362,763)
Net cash provided by operating activities	**7,674,576**	**3,115,113**
Cash flows from investing activities		
Purchase of property and equipment	(557,993)	(3,124)
Loan given to related party	-	(12,000,000)
Proceeds from Short term loan given to related party	2,150,000	-
Net cash provided by/ (used in) investing activities	**1,592,007**	**(12,003,124)**
Cash flows from financing activities		
Net cash (used in)/provided by financing activities	**-**	**-**
Net increase/(decrease) in cash and cash equivalents	9,266,583	(8,888,011)
Cash and cash equivalents at the beginning of the year	4,328,715	13,595,298
Cash and cash equivalents at the end of the year	**13,595,298**	**4,707,287**
Supplemental disclosures of cash flow		
Cash payments for income taxes	403,970	1,607,135

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 by the Company solely for the purpose of placing the audited financial statements of the Company along with the consolidated financial statements of HCL Technologies Limited ("the ultimate holding company") on the website of the ultimate holding company as required by the Companies Act, 2013.

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.

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.

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 contacts, 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 total 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.

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.

The Company recognizes an onerous contract provision when the expected unavoidable costs of meeting the future obligations exceed the expected economic benefits to be received under a contract. Such provision, if any, is recorded in the period in which such losses become probable and is included in cost of revenues.

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:

Assets	**Assets life (in years)**
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 the 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 lability.

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) 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.

h) 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.

i) 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.

*j) F*inancial instruments and concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash equivalents, accounts receivables and unbilled receivables.

The customers of the Company are primarily corporations based in the United States of America and Europe and accordingly, accounts receivables and unbilled receivables are concentrated in the respective countries. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivables and unbilled receivables.

k) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories:

Cost of revenue
These costs primarily include employee compensation of personnel engaged in providing services, travel expenses, outsourcing costs, cost of hardware and software licenses, facility expenses, communication expenses and any other directly attributable expenses.

Selling, general and administrative expenses
These costs primarily include employee compensation for management, sales, marketing and enabling personnel, travel expenses, advertising, business promotion expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances, facility expenses for these employees.

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.

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.

In March 2023, the FASB issued ASU No. 2023-01, "Leases (Topic 842)". This ASU requires a lessee in a common-control lease arrangement to amortize leasehold improvements that it owns over the improvements' useful life to the common control group, regardless of the lease term, if the lessee continues to control the use of the underlying asset through a lease.

4. CASH AND CASH EQUIVALENTS

The cash and cash equivalents as of March 31, 2022 and 2023, are as follows:

	March 31, 2022	March 31, 2023
Balances with banks	13,595,298	4,707,287
	13,595,298	**4,707,287**

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:

	March 31, 2022	March 31, 2023
Balance at the beginning of the year	369,228	369,228
Additional provision during the year	-	157,647
Deductions on account of write offs and collections	-	(127,532)
Balance at the end of the year	**369,228**	**399,343**

6. LOAN TO RELATED PARTY

As of March 31, 2022 and March 31, 2023 loan comprise the following:

A. SHORT TERM LOAN

	March 31, 2022	March 31, 2023
Loan to related party	2,000,000	2,000,000
	2,000,000	**2,000,000**

Loan carries a mutually agreed simple interest of SOFR+0.5%(Previous year LIBOR+1%) in the current year and the loan shall be repaid no later than twelve months and is further extendable for additional one year.

B. LONG TERM LOAN

	March 31, 2022	March 31, 2023
Loan to related party	-	12,000,000
	-	**12,000,000**

Loan carries a mutually agreed simple interest of SOFR+0.5% and the loan shall be repaid to the lender at the end of five years.

7. OTHER CURRENT ASSETS

As of March 31, 2022 and March 31, 2023 other current assets comprise the following:

	March 31, 2022	March 31, 2023
Prepaid expenses	200,113	144,732
Employee advances	56,831	38,265
Contract Assets	-	151,980
Interest receivable	3,754	64,922
Deferred contract cost	1,286,103	-
Advance to suppliers	18,059	22,331
Others	253,788	229,602
	1,818,648	**651,832**

8. PROPERTY AND EQUIPMENT, NET

As of March 31, 2022 and March 31, 2023 property and equipment comprise the following:

	March 31, 2022	March 31, 2023
Office equipment	73,537	73,012
Computer hardware	875,959	884,409
Computer software	24,572	24,572
Furniture and fixtures	145,418	128,444
Capital work in progress	5,324	-
	1,124,810	**1,110,437**
Less: Accumulated depreciation	(499,127)	(695,177)
Property and equipment, net	**625,683**	**415,260**

Depreciation expense was $159,551 and $213,548 for the years ended March 31, 2022 and March 31, 2023 respectively.

9. OTHER ASSETS

As of March 31, 2022 and March 31, 2023, other assets comprise the following:

	March 31, 2022	March 31, 2023
Deposits	127,593	-
	127,593	**-**

10. ACCRUED EMPLOYEE COSTS

As of March 31, 2022 and March 31, 2023, accrued employee costs comprise the following:

	March 31, 2022	March 31, 2023
Accrued salaries	959,413	745,650
Accrued vacation and holiday pay	495,405	338,329
	1,454,818	**1,083,979**

11. OTHER LIABILITIES

As of March 31, 2022 and March 31, 2023, other liabilities comprise the following:

A. OTHER NON CURRENT LIABILITIES

	March 31, 2022	March 31, 2023
Other payables - related parties (refer note below)	8,455	39,211
	8,455	**39,211**

Note: Amount payable to holding company against RSUs awarded to the employees of the company. During the previous year, HCL Technologies Limited ('HCLT'), the ultimate Parent Company instituted the Restricted Stock.Unit Plan 2021'("RSU Plan") to provide equity-based incentives to all eligible employees of HCLT and its subsidiaries. Each RSU granted under the plan entitles the holder to one equity share of HCLT at an exercise price, which is approved by the Nomination and Remuneration Committee of HCLT.

"Other payables- related parties" represents reimbursement of cost to HCLT, towards RSUs granted by HCLT to the employees of the Company. The fair value of these RSUs are determined using the Black-Scholes Model for RSUs with time and non-market performance based vesting conditions

B. OTHER CURRENT LIABILITIES

	March 31, 2022	March 31, 2023
Accrued expenses	756,120	967,944
Advances from customers	1,226	-
Sales tax and other taxes payable	403,614	100,007
	1,160,960	**1,067,951**

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:

	Year ended	
	March 31, 2022	March 31, 2023
Current		
Federal tax	1,062,916	1,350,239
State and local tax	43,654	269,621
Other interest & penalties	10,415	355,450
	1,116,985	1,975,310
Adjustment in respect of prior year current tax	27,946	(74,657)
	1,144,931	**1,900,653**
Deferred		
Deferred tax for the current year	42,282	86,942
	42,282	86,942
Adjustment in respect of prior year deferred tax	(264,533)	31,038
	(222,251)	**117,980**
Total tax expense	**922,680**	**2,018,633**

Significant components of activities that gave rise to deferred tax assets and liabilities included in the financial statements are as follows:

	Year ended March 31, 2022	Year ended March 31, 2023
Deferred tax assets:		
Employee accruals	292,388	190,462
Doubtful debts	105,872	123,021
Stock based compensation expense	-	12,170
Accrued expenses	41,693	71,682
Leases	4,874	528
Total deferred tax assets	**444,827**	**397,863**

	Year ended March 31, 2022	Year ended March 31, 2023
Deferred tax liabilities:		
Others	(78,833)	(149,849)
Total deferred tax liabilities	**(78,833)**	**(149,849)**
Net deferred tax assets	**365,994**	**248,014**

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 March 31, 2022	Year ended March 31, 2023
Profit before income taxes	1,117,004	2,219,561
Weighted average enacted tax rate in US	24.63%	30.81%
Computed expected income tax	275,129	683,756
Effect of :		
Permanent differences	1,095	54,398
True up of previous years	(131,756)	(43,620)
Beat tax	765,318	968,649
Additional provision on withholding taxes	-	352,534
Interest and penalty	12,894	2,916
Reported income tax expense	**922,680**	**2,018,633**
Effective tax rate	**82.60%**	**90.95%**

14. EARNINGS PER EQUITY SHARE

	Year ended March 31, 2022	Year ended March 31, 2023
Net income (loss) as per statement of income and other comprehensive income	194,324	200,928
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	$135.70	$140.31
- Diluted	$135.70	$140.31

15. RELATED PARTY TRANSACTIONS

Sr. No.	Category of related parties	Names
1	Parent company	HCL Technologies Limited
2	Entities under common control	
	Geometric SRL	HCL America Inc.
	Geometric China, Inc.	HCL Technologies Germany GmbH,
	HCL Canada Inc.	HCL America Solutions Inc.
	HCL Technologies Romania s.r.l.	Geometric Europe GmbH
	HCL Technologies Corporate Services Limited	HCL Asia Pacific Pte Ltd
	Butler America Aerospace LLC	HCL Axon Solutions (Shanghai) Co. Limited
	HCL Japan Limited	HCL Technologies Mexico S. de R.L.
	HCL Technologies France SAS	

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

Nature of the transaction	Parent Company	Entities under common control	Parent company	Entities under common control
	Year ended March 31, 2022		Year ended March 31, 2023	
Transactions during the year:				
Service income	348,237	5,120,117	626,084	4,666,963
Software service expenses	8,407,011	1,218,006	11,566,486	2,029,401
Insurance expense	19,475	-	-	-
Interest income	-	62,293	-	475,075
Marketing cost	-	28,188	-	-
Rental income	-	135,917	-	190,835
Disbursement in respect of loan given	-	6,500,000	-	-
Receipt against loan given	-	8,650,000	-	-
Miscellaneous income	-	-	6,491	-

Balances as at	Parent company	Entities under common control	Parent company	Entities under common control
	Year ended March 31, 2022		Year ended March 31, 2023	
Account payable	36,098	550,849	428,192	760,930
Accounts receivables	144,791	1,480,820	565,216	844,370
Short term loan to group company	-	2,000,000	-	2,000,000
Long term loan to group company	-	-	-	12,000,000
Other assets	1,286,103	8,216	2,859	148,970
Other liabilities	1,515,521	122,629	2,941,715	-

16. COMMITMENTS AND CONTIGENCIES

As of March 31, 2023 and March 31, 2022 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, 2023 are summarized below:

	Year Ended	
	March 31, 2022	March 31, 2023
Operating Lease cost	375,400	345,569
Short term Lease cost	6,993	-
Total Lease cost	**382,393**	**345,569**

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, 2022	March 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	390,320	370,693
Weighted average remaining lease term - operating leases	2.04 Years	1.75 Years
Weighted average discount rate - operating leases	2.06%	2.06%

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.

	Operating leases
Year ending March 31,	
2024	200,879
2025	85,250
2026	45,712
2027	-
2028	-
Total lease payments	**331,841**
Imputed interest	(8,335)
Total lease liabilities	**323,506**

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, 2022 and 2023 amounts to $382,393 and $ 345,569 respectively.

18. SEGMENT REPORTING

Operating segments are defined as components of an enterprise for which discrete financial information is available and whose their 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 HCL Software (previously known as products and 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, 2023 by geography wise.

Revenues geography wise

	Year Ended	
	March 31, 2022	**March 31, 2023**
America	24,399,121	26,482,731
Europe	3,665,118	3,872,208
India	347,586	626,084
Others	3,076,562	1,756,639
Total	**31,488,387**	**32,737,662**

B. Remaining Performance Obligations

As of March 31, 2022 and 2023 the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of ASC 606 was $6,030,000 and $7,790,000 respectively out of which, approximately 44% and 54% 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, 2022	**March 31, 2023**
Balance at the beginning of the year	3,609,631	4,407,899
Additional amounts billed but not recognized as revenue	966,655	1,405,826
Deduction on account of revenues recognized during the year	(168,387)	(1,090,631)
Closing balance as at year end	**4,407,899**	**4,723,094**

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, 2022	**March 31, 2023**
Balance at the beginning of the year	1,669,893	1,286,103
Additional cost capitalised during the year	1,286,103	-
Deduction on account of cost amortised during the year	(1,669,893)	(1,286,103)
Closing balance as at year end	**1,286,103**	**-**

20. OTHER INCOME, NET

For the years ended March 31, 2022 and March 31, 2023, other income (expenses), net consists of:

	Year ended	
	March 31, 2022	**March 31, 2023**
Interest income-related party	62,293	475,075
Interest income-others	-	63,573
Foreign exchange gain (loss), net	34,266	(37,268)
Liability no longer required written back	-	77,532
Other income	46,690	1,170,829
	143,249	**1,749,741**

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 June 15, 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.