

HFCL B.V.
Amsterdam, The Netherlands

(Annual report for the period 1st April 2022 to 31st March 2023)

Address	:	De entree 232, 1101EE Amsterdam
Chamber of Commerce	:	Amsterdam, The Netherlands
File Number	:	84 130 288

**IAC AUDIT
& ASSURANCE**

Laan van 's-Gravenmade 74
2495 AJ Den Haag
Tel. nr: 070-2192770
KvK Den Haag nr: 77096134

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Balance sheet as at 31st March 2023*(Before proposed result appropriation)*

	<u>Notes</u>	<u>31-Mar-23</u>	<u>31-Mar-22</u>
		EUR	EUR
ASSETS			
Fixed assets	1	1,771	-
Current assets			
Accounts receivables & other current assets	2	353,893	16,953
Cash and cash equivalents	3	104,218	7,572
Short term liabilities	4	204,157	11,319
Balance of current assets less short-term liabilities		<u>253,954</u>	<u>13,206</u>
Balance of assets less short term-liabilities		<u>255,725</u>	<u>13,206</u>
Shareholder's equity			
Share capital	5	1	1
Retained earnings		13,205	-
Result for the period		242,519	13,205
		<u>255,725</u>	<u>13,206</u>



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Profit and Loss account for the period 1st April 2022 to 31st March 2023

	<u>Notes</u>	<u>1 Apr 2022 to 31 Mar 2023</u>	<u>6 Oct 2021 to 31 Mar 2022</u>
		EUR	EUR
Revenue	6	1,207,807	145,000
Other income	7	1,537	-
Cost of sales	8	(726,086)	(106,380)
		<hr/>	<hr/>
		483,258	38,620
Operating cost			
General and administrative expenses	9	(190,076)	(22,857)
Depreciation and amortization	10	(160)	-
		<hr/>	<hr/>
Total operating result		293,022	15,763
Financial income/(expense)	11	(4,309)	(227)
		<hr/>	<hr/>
Result before taxation		288,713	15,536
Corporate income tax	12	(46,194)	(2,331)
		<hr/>	<hr/>
Result after taxation		<u>242,519</u>	<u>13,205</u>

Notes to the Financial Statements

General

HFCL B.V. (the Company) is a private limited liability company, incorporated under the laws of The Netherlands on 6th October 2021, and have its corporate seat in Amsterdam, with office at De entree 232, 1101EE Amsterdam, The Netherlands. The Company is registered at the Chamber of Commerce under number 84 130 288.

The sole shareholder is HFCL Limited, India.

Activities

The principal business activities of the Company consist mainly of manufacture and trade Optical Fiber, Optical Fiber Cables, Telecom and Networking Products and other allied activities, to incorporate, to participate in and to finance companies and enterprises, to collaborate with, to manage the affairs of and to provide advice and other services to companies and other enterprises.

Financial year

The financial year of the Company starts on 1st April and ends on 31st March of the immediate following year. However, the first financial period of the Company was 6th October 2021 to 31st March 2022.

Reporting currency

The financial statements of the company are prepared and presented in EUR which is both presentation and functional currency of the company.

Going concern

These financial statements have been prepared on a going concern basis, which basis for valuation and determination of results assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

Changes in estimate

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure.

The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Principles of valuation of assets and liabilities

Accounting policies

The financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands (Title 9, Book 2 of the Dutch Civil Code) and are denominated in Euro, which is the Company's functional currency.

Tangible fixed assets

Tangible fixed assets are valued at cost less depreciation and, if applicable, impairment. Depreciation is based on the useful life and calculated as a fixed percentage of the acquisition price, taking into account any residual value.



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Notes to the Financial Statements - (continued...)

Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost. When a receivable is considered uncollectible, it is written off against the allowance account for receivables. If payment of there ceivableis postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank balances, remittance in transit and deposits. Cash and cash equivalents are stated at nominal value.

Current liabilities

The current liabilities concern the liabilities with a duration of shorter than one year. These liabilities are valued at nominal value unless stated otherwise.

Provisions

Provisions are formed for liabilities which are deemed probable or certain at the balance sheet date, but which are still unknown as to the amount or timing of outflow of funds.

Accounts payable

All accounts payable are stated at nominal value and are expected to be paid within one year after the balance sheet date.

Shareholders' equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholder's equity as a part of the profit distribution.

The Company's ordinary shares are classified as equity instruments.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognized in the profit and loss as financial income or expense.

Translation of foreign currencies

All monetary assets and liabilities denominated in foreign currencies have been translated into EUR at the rate of exchange ruling at the balance sheet date, where as non-monetary assets denominated in foreign currencies are translated at historical rate when transaction took place. All transactions denominated in foreign currencies made during the period under review are translated into EUR at rates of exchange ruling on or around the date of the transactions. Foreign exchange gains and losses arising as a result of the application of the above accounting policies are disclosed separately in the profit and loss account.

1 EUR at balance sheet date was equal to : Pound(£) 0.8792 (31st March 2022 : 0.84595)

Related party transactions

An entity is considered as a related party if any of the following conditions prevail:

- The financial and operating activities are controlled by The Company or are controlled by The same party, which includes common control, joint control or significant influence.
- The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

Transaction with related parties were made on terms equivalent to those that prevail in arm's length transaction.

Principles for the determination of the result

The result is determined as the difference between the value of the goods delivered and the costs and other charges related to the period. Profits on transactions are recognised in the period in which they are realised, losses are taken into account as soon as they are foreseeable.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, rebates and discounts.

Income and expenses denominated in foreign currencies are accounted for at the official rates of exchange prevailing on the date on which the transaction took place. Translation differences due to exchange rate fluctuations between the transaction date and the settlement date or balance sheet date are recognized in the profit and loss account.

Tax on result will be calculated by applying the tax rate on the result for the financial year in the profit & loss account at year end, taking into account tax losses carry-forward and tax exempt elements and after inclusion of non-deductible costs.

Notes to the Financial Statements - (continued...)

	<u>31-Mar-23</u>	<u>31-Mar-22</u>
	EUR	EUR
1. Fixed assets		
Balance as at 01.04.2022	-	-
Additions during the year :		
Office equipment - Mac book	1,931	-
Gross book value as at 31.03.2023	<u>1,931</u>	<u>-</u>
Accumulated depreciation - as at 31.03.2023		
Office equipments - Mac book	(160)	-
	<u>(160)</u>	<u>-</u>
Net book value as at 31.03.2023		
Office equipments - Mac book	1,771	-
	<u>1,771</u>	<u>-</u>
<p>During the period April to March 2023, the company purchased Mac book for business use for Euro 1,931. The depreciation is being charged on Mac book @ 20% p.a. on straight line.</p>		
2. Accounts receivables & other current assets		
Advance paid to supplier	103	-
Accrued income	207,807	-
Advance to employees	-	1,196
Prepaid expenses	16,503	97
Security deposit	2,270	1,160
VAT receivable	12,710	-
Withholding Tax-India	114,500	14,500
	<u>353,893</u>	<u>16,953</u>
3. Cash and cash equivalents		
SBI UK (EUR)	199	-
SBI UK (GBP)	10,442	-
TransferWise (EUR)	93,577	7,572
	<u>104,218</u>	<u>7,572</u>
4. Short term liabilities		
Accounts payable	29,881	1,309
Accrued liabilities	20,837	7,185
CIT payable	43,864	2,331
Payable to director and employees	4,880	21
Pension premium payable	3,614	473
Interest payable-Media matrix (HK) limited	1,204	-
Loan-Media matrix (HK) limited	99,877	-
	<u>204,157</u>	<u>11,319</u>

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Notes to the Financial Statements - (continued...)

5. Shareholders' equity

	Share Capital	Retained earnings	Result	Total
Balance as at 1 April 2022	1	-	13,205	13,206
Movements during the period	-	-	-	-
Result for the year	-	-	242,519	242,519
Allocation of result	-	13,205	(13,205)	-
Balance as at 31 st March 2023	<u>1</u>	<u>13,205</u>	<u>242,519</u>	<u>255,726</u>

The issued and paid up share capital amounts to EUR 1 and consists of 1 ordinary shares with a nominal value of EUR 1 each.

Notes to the Financial Statements - (continued...)

	1 Apr 2022 to 31 Mar 2023	6 Oct 2021 to 31 Mar 2022
	EUR	EUR
6. Revenue		
Service income	1,000,000	145,000
Unbilled revenue	207,807	-
	<u>1,207,807</u>	<u>145,000</u>
7. Other Income		
Discount received	1,537	-
	<u>1,537</u>	<u>-</u>
8. Cost of sales		
Other direct cost	(183,442)	-
Employment costs:-		
Salaries and wages	(462,367)	(98,593)
Social security Expenses	(48,412)	(4,955)
Pension premium	(31,865)	(2,831)
	<u>(726,086)</u>	<u>(106,380)</u>
9. General and administrative expenses		
Audit fees	(17,406)	(7,550)
Courier and postage	(53)	-
Insurance expense	(6,974)	-
Legal fees	(4,200)	-
Logistic expenses	(794)	-
Management fees	(11,593)	-
Office expenses	(29,666)	(1,790)
Office rent	(4,225)	(387)
Other expenses	-	(64)
Penalties and fines	(106)	-
Professional fees	(54,326)	(5,335)
Travelling expenses	(39,699)	(4,368)
Vehicle expenses	(21,034)	(3,363)
	<u>(190,076)</u>	<u>(22,857)</u>
10. Depreciation and amortization		
Depreciation - office equipment Mac book	(160)	-
	<u>(160)</u>	<u>-</u>
11. Financial income/(expense)		
Currency exchange result	(169)	(26)
Interst on loan	(1,306)	-
Interest and bank charges	(2,834)	(201)
	<u>(4,309)</u>	<u>(227)</u>
12. Corporate income tax		
Provision for CIT	(46,194)	(2,331)
	<u>(46,194)</u>	<u>(2,331)</u>

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Notes to the Financial Statements - (continued...)

13. Average number of employees

During the financial period, the Company had four employees (Previous year : three).

14. Director

The Company had three director (Previous year : one) and two of them receives remuneration. During the year, Mr. Keith Rowley has been appointed as director on 01st July 2022 and Mr. Harsh Wardhan Pagay & Ms Sadhana Mishra have been appointed as directors on 12th December 2022. Mr. Sanjay Vithalrao Jorapur has resigned on 12th December 2022.

15. Post balance sheet date events

Since balance sheet date no events occurred, which would change the financial position of the Company and which would require adjustments of or disclosure in the financial statements now presented.

Signed on,.....2023

Mr. Harsh Wardhan Pagay
Director

Mr. Keith Rowley
Director

Ms. Sadhana Mishra
Director

Other Information

Auditor's opinion

The Company has utilized the exemption from an audit by virtue of Article 396, paragraph 7, Title 9, Book 2 of the Netherlands Civil Code. However, it has been decided by the management to conduct the optional audit.

Statutory provision on appropriation of result

According to the Articles of Association of the Company the result shall be appropriated by the General Meeting of Shareholders.

INDEPENDENT AUDITOR'S REPORT

To: The shareholders of HFCL B.V.

A. Report on the audit of the financial statements as per 31th March 2023

We have audited the accompanying financial statements for the period ended 31th March 2023 of HFCL B.V. based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of HFCL B.V. for the period ended as at 31th March 2023 and of its result for the period 1st April 2022 to 31th March 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet as at 31th March 2023;
 - the profit and loss account for the period 1st April 2022 up to 31th March 2023
- and
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under these standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of HFCL B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

Other matter paragraph and findings

This auditor's report is intended solely for HFCL B.V. and shareholders. This auditor's report is provided solely in the context of the Board of Directors and shareholders and should therefore not be used for other purposes.

B. Report on the other information included in the financial statements

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

other information as required by Part 9 of Book 2 of the Dutch Civil Code;

We were engaged to read the other information and, based on our knowledge and understanding to be obtained through our audit of the financial statements or otherwise, to consider whether the other information contains material misstatements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

The management is responsible for the preparation and fair presentation of the interim financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the interim financial statements

Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with Dutch law, including the Dutch Standards on Auditing.

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- obtaining 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding 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 interim 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 a company to cease to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

For a further explanation of our responsibilities and audit procedures, we refer to the website of the NBA: Koninklijke Nederlandse Beroepsorganisatie van Accountants: <http://www.nba.nl/ENG> algemeen 01.

The Hague, 10th April 2023

IAC Audit & Assurance B.V.



drs. S. Ramdas RA

Initials for authentication purposes:

