

FINANCIAL STATEMENTS



HFCL Inc **Financial Statements**

For the Period Ended March 31, 2022
(Along with Report of Independent Auditor)

Rakesh Jain, CPA PC

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HFCL Inc

Financial Statements

For the Period Ended March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To,

The Board of Directors,
HFCL Inc
Texas, USA

OPINION

We have audited the accompanying financial statements of HFCL Inc, which comprise the balance sheet as of March 31, 2022, the related statement of income, retained earnings, and cash flows for the period then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HFCL Inc as of March 31, 2022, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HFCL Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HFCL Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

AUDITOR'S 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 HFCL Inc's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HFCL Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Rakesh Jain, CPA PC

For Rakesh Jain, CPA PC
Rakesh Jain
Certified Public Accountant

Place: Houston, TX
Date: April 26, 2022

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FINANCIAL STATEMENTS

HFCL Inc.
Balance Sheet
As of March 31, 2022

Particulars	As of March 31, 2022
Assets	
Cash and Cash Equivalents	\$ 14,371
Other Current Assets	10,296
Total Assets	24,667
Liabilities and Shareholders' Equity	
Current Liabilities	
Other Current Liabilities	14,060
Provision for Income Tax	2,227
Total Current Liabilities	16,287
Total Liabilities	16,287
Shareholders' Equity	
Equity	1
Net Income/(Loss)	8,379
Total Shareholders' Equity	8,380
Total Liabilities and Equity	\$ 24,667

See accompanying notes to financial statements.

HFCL Inc.
Statement of Income from Operations
For the Period Ended March 31, 2022

Particulars	For the Period Ended March 31, 2022
Revenue	\$ 99,000
Employee Benefit Expenses	73,865
Gross Profit	25,135
Selling, General and Administrative Expenses	
Selling, General and Administrative Expenses	14,445
Finance Charges	84
Total Selling, General and Administrative Expenses	14,529
Income Before Income Taxes	10,606
Income Taxes	
Provision for Income Tax-Federal	2,227
Total Income Taxes	2,227
Net Income (Loss)	\$ 8,379

See accompanying notes to financial statements.

HFCL Inc.

Statements of Changes in Shareholders' Equity

For the Period Ended March 31, 2022

Particulars	Shareholders' Equity	Net Income	Retained Earnings	Total Accumulated Surplus / (Deficit)
Capital Stock	\$ 1	\$ -	\$ -	\$ 1
Net Income/(Loss) for the period ended March 31, 2022	-	8,379	-	8,379
Shareholders' Distributions	-	-	-	-
Balances as of March 31, 2022	\$ 1	\$ 8,379	\$ -	\$ 8,380

See accompanying notes to financial statements.

HFCL Inc.
Statement of Cash Flow
For the Period Ended March 31, 2022

Particulars	For the Period Ended March 31, 2022
Cash Flow From Operating Activities	
Net Income	\$ 8,379
Adjustments to reconcile Net Income to Net Cash used in Operating Activities	
Changes in Operating Assets and Liabilities	
Other Current Assets	(10,296)
Other Current Liabilities	14,060
Provision for Income Tax	2,227
Net Cash provided by Operating Activities	14,370
Cash Flow From Investing Activities	
Tangible Fixed Assets (Gross)	-
Net Cash provided by Investing Activities	-
Cash Flow From Financing Activities	
Introduction of Capital Stock	1
Net Cash provided by Financing Activities	1
Net Increase (Decrease) in Cash and Cash Equivalents	14,371
Cash and Cash Equivalents at beginning of the period	-
Cash and Cash Equivalents at end of the period	\$ 14,371

See accompanying notes to financial statements.

Note 1 - Organization and Operations

HFCL Inc., incorporated in Houston, Texas, US on October 8, 2021 under the state laws of Texas, is engaged in the business of manufacturing and trading of Optical Fiber, Optical Fiber Cables, Telecom and Networking Products and other allied activities.

The Company is wholly owned by HFCL Limited, an Indian Company incorporated under the laws of India with its registered office in Chambaghat, Solan, Himachal Pradesh, 173213, India.

Note 2 - Summary of Significant Accounting Policies

Financial Statement Presentation

HFCL Inc. company's financial records have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The following notes describe the significant accounting policies.

Comparative Financial Statement

The financial year of the Company starts on April 01 and ends on March 31. However, the first financial year of the Company is from October 08, 2021 to March 31, 2022. As a result, no comparative figures have been presented.

Use of Estimates

The preparation of financial statements is in conformity with US GAAP, which requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized upon transfer of control of the promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products and services. We primarily generate revenue from the sale of products, services, or a combination thereof. We enter into contracts that may involve multiple performance obligations, and we allocate the transaction price between each performance obligation on the basis of relative standalone selling price. The revenue from the sale of products and services is recognized when the following has been satisfied:

1. The Company has substantially fulfilled its obligation to render services as per the terms of the contract if any.
2. The amount of revenue can be measured reliably.
3. It is probable that the economic benefits associated with the transaction will flow to the company; and,
4. The costs incurred, or to be incurred in respect of the transaction, can be measured reliably.

Cash and Cash Equivalents

The Company defines cash equivalents as short-term, highly liquid investments readily convertible to cash with original maturities of three months or less. The Company maintained bank balances in one financial banking institution in the United States of America as of March 31, 2022. All the accounts are insured by the Federal Deposit Insurance Corporation on aggregate balances up to \$ 250,000.

Accounts Receivable

Since all the sales proceeds have been duly received, there are no accounts receivables in the current tax year.

Investments

The company carries no investments in marketable securities.

Fair Value Considerations

The Company uses fair value to measure certain financial and non-financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs -Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs -Level 3).

The fair value option allows entities to choose at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. HFCL did not elect the fair value option for the measurement of any eligible assets or liabilities.

The Company's financial instruments (primarily cash and cash equivalents, receivables and payables) are carried in the accompanying statement of financial position at amounts, which reasonably approximate fair value.

Note 3 - Federal Income Taxes and State Income Taxes

The company is a C corporation for tax purposes, filing Form 1120 annually. Profits are not being passed through to owners. The company has created provision for tax whose details are as follows:

Provision for tax	Profit	As of March 31, 2022
Federal Tax @ 21%	\$ 10,606	\$ 2,227
Total	\$ 10,606	\$ 2,227

Note 4 – Inter Company, Related Party and Affiliates Disclosure Information

Related Party Transactions are those transactions which occur between company and its related companies. During the period, the Company had following transactions with related parties.

Inter Company Transactions

Related party	Particular	Amount as of March 31, 2022
HFCL Limited	Professional income	\$ 99,000
Sanjay Jorapur (Director)	Amount received for bank account	\$ 31

Capital Contribution

Related party	Particular	Amount as of March 31, 2022
HFCL Limited	Capital Stock (1share of \$ 1 each)	\$ 1

Note 5 – Impact of COVID – 19

The Company's operations might have been affected by the outbreak of coronavirus disease 2020 which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruptions which have been caused by the outbreak is uncertain; however, it may or may not result in a material adverse impact on the Company's financial position, operations, and cash flow in the future. Possible effects may include, but are not limited to, disruption to the Company's revenues and a decline in the value of its goodwill.

Note 6 - Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Company recognizes the effects of subsequent events that provide additional information about conditions that existed at the date of the statement of financial positions. Management has evaluated events occurring between the end of its fiscal year, March 31, 2022 and April 26, 2022, the date the financial statements were available to be issued for matters that would require disclosure or adjustments to the financial statements. No events have occurred subsequent to March 31, 2022 that requires recording or disclosure in these financial statements.