

**HCL TOUCH, INC**  
*Audit Report*  
*June 30, 2014*

Prepared by:

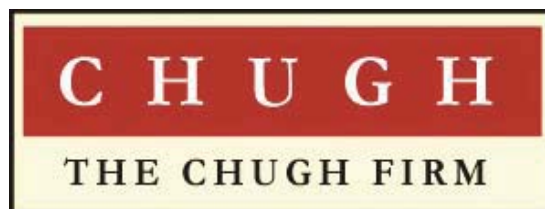
**The Chugh Firm**  
An Accountancy Corporation  
15925 Carmenita Road,  
Cerritos, CA 90703

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## THE CHUGH FIRM, AAC

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CERRITOS • SANTA CLARA • ISELIN • ATLANTA • FAIRFAX  
INDIA AFFILIATE OFFICES  
BANGALORE • CHENNAI • NEW DELHI • MUMBAI • CHANDIGARH

+Licensed in California  
~Licensed in Colorado  
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### Report of Independent Auditors

To the Board of Directors and Stockholders  
of HCL Touch, Inc.

We have audited the accompanying financial statements of HCL Touch, Inc. a Delaware corporation which comprise of the balance sheets as of June 30, 2014 and June 30, 2013, and the related statements of income, retained earnings, and cash flows for the years then ended and the related notes to the financial statements.

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HCL Touch, Inc. as of June 30, 2014 and June 30, 2013 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*The Chugh Firm*

The Chugh Firm

Santa Clara, CA

Date: August 21, 2014

**HCL TOUCH, INC.**  
**BALANCE SHEET**  
**AS OF JUNE 30, 2014**



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**ASSETS**

	As of June 30, 2014	As of June 30, 2013
<b>CURRENT ASSETS</b>		
Cash in Bank	\$ 191,151	\$ 423,699
Cash Reserve	32,684	32,810
Accounts Receivable	-	1,020
Prepaid Expenses	-	4,971
Deferred Tax Assets	66,889	64,712
Other Receivable	-	138
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	290,724	527,349
<b>OTHER ASSETS</b>		
Deposits	-	2,614
	<hr/>	<hr/>
TOTAL OTHER ASSETS	-	2,614
	<hr/>	<hr/>
TOTAL ASSETS	\$ 290,724	\$ 529,963

**HCL TOUCH, INC.**  
**BALANCE SHEET**  
**AS OF JUNE 30, 2013**



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**LIABILITIES AND STOCKHOLDERS' EQUITY**

	As of June 30, 2013	As of June 30, 2012
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 144,040	\$ 209,252
Deferred Revenue	97,375	267,516
Other Liabilities	370	969
	<hr/>	
<b>TOTAL CURRENT LIABILITIES</b>	<b>241,785</b>	<b>477,737</b>
<b>STOCKHOLDERS' EQUITY</b>		
Authorized and issued capital		
Common Stock: 5,000 Authorized 150 shares issued and outstanding	150,000	150,000
Retained Earnings	(101,061)	(97,774)
	<hr/>	
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>48,939</b>	<b>52,226</b>
	<hr/>	
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 290,724</b>	<b>\$ 529,963</b>

**HCL TOUCH, INC.**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2014**



	July 1, 2013 to June 30, 2014	July 1, 2012 to June 30, 2013
REVENUE		
Service Revenue	\$ 169,771	\$ 509,292
TOTAL REVENUE	169,771	509,292
COST OF GOODS SOLD		
Cost of Sales (Schedule A)	142,711	351,844
TOTAL COST OF SALES	142,711	351,844
GROSS PROFIT	27,060	157,448
OPERATING EXPENSES		
Operating, General & Administrative Expenses (Schedule B)	33,175	238,833
TOTAL OPERATING EXPENSES	33,175	238,833
OTHER INCOME (EXPENSE)		
Other Income	406	-
Interest Income	244	13
Total Other Income	650	13
NET INCOME (LOSS) BEFORE TAXES	(5,464)	(81,372)
Deferred Tax Expense (Benefit)		
INCOME TAX EXPENSE (Schedule C)	(2,177)	(63,051)
NET INCOME (LOSS)	\$ (3,287)	\$ (18,321)

**HCL TOUCH, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2014**



	<u>Common Stock</u>		<u>Retained</u>	<u>Total</u>
	<u># of Shares</u>	<u>Amount</u>	<u>Earnings</u>	<u>Stockholders'</u>
				<u>Equity</u>
JUNE 30, 2013	150	\$ 150,000	\$ (97,774)	\$ 52,226
Net Income	-	-	(3,287)	(3,287)
BALANCE, JUNE 30, 2014	<u>150</u>	<u>\$ 150,000</u>	<u>\$ (101,061)</u>	<u>\$ 48,939</u>

	<u>Common Stock</u>		<u>Retained</u>	<u>Total</u>
	<u># of Shares</u>	<u>Amount</u>	<u>Earnings</u>	<u>Stockholders'</u>
				<u>Equity</u>
JUNE 30, 2012	150	\$ 150,000	\$ (79,453)	\$ 70,547
Net Income	-	-	(18,321)	(18,321)
BALANCE, JUNE 30, 2013	<u>150</u>	<u>\$ 150,000</u>	<u>\$ (97,774)</u>	<u>\$ 52,226</u>



**HCL TOUCH, INC.**  
**STATEMENT OF CASH FLOWS**  
**AS OF JUNE 30, 2014**



	July 1, 2013 to June 30, 2014	July 1, 2012 to June 30, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss)	(3,287)	(18,321)
(Increase) decrease in operating Assets:		
Accounts Receivable	1,020	1,920
Deposits	2,614	-
Deferred Tax Asset	(2,177)	(63,050)
Other Receivables	138	(138)
Prepaid Expenses	4,971	(3,359)
Undeposited Funds	-	5,440
Increase (decrease) in operating Liabilities:		
Accounts Payable	-	(63,900)
Deferred Revenue	(170,141)	186,104
Expense Reimbursements	(65,212)	207,600
Other Accrued Liabilities	(599)	(438)
Provision for Payroll	-	(7,925)
Vacation Accrual	-	(4,154)
Total Cash Provided by (Used by) Operating Activities	<u>(232,673)</u>	<u>239,778</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital Contribution	<u>-</u>	
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>-</u>
NET INCREASE(DECREASE) IN CASH	(232,673)	239,778
CASH, beginning of year	<u>456,508</u>	<u>216,730</u>
CASH, end of year	<u>\$ 223,835</u>	<u>\$ 456,508</u>

**NOTE 1 - DESCRIPTION OF OPERATION**

HCL Touch, Inc. (the “Company”) was incorporated in the state of Delaware in August 2011. The Company provides world class remote technical services in computing. This service is available 24 hours a day and 365 days a year, by highly trained and qualified technicians to support companies to focus and deliver in the core area of their business in US and Canada.

The Company blends process expertise, information technology and analytical capabilities in diverse industries to provide a broad range of services using its global delivery platform. Services offered by the Company are exhaustive and can be tailored according to the needs of the partners & clients. The Company’s key deliverables are tracking services, fortressing, operating systems support, software support, touch tracking, peripherals, and configuration.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting*

The Company uses the accrual method of accounting both for financial statements and income tax reporting purposes.

*Use of Estimates*

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates. Estimates are used in accounting for, among other things, allowances for uncollectible receivables, depreciation and taxes.

*Cash and Cash Equivalents*

Cash and cash equivalents consist primarily of cash in checking account. The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Company has no investments as of June 30, 2014 and June 30, 2013.

*Accounts Receivable*

Accounts Receivable balance was NIL as of June 30<sup>th</sup> 2014 and \$1,020 as of June 30<sup>th</sup> 2013. The Company uses the Percentage of Accounts Receivable method for calculating

**HCL TOUCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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an allowance for doubtful accounts. As of June 30, 2014 and 2013, the company made no provision for doubtful accounts.

*Property and Equipment*

Small tools and equipment purchased under \$1,000 are expensed as incurred. Maintenance and repairs are also expensed as incurred. No fixed assets were purchased during the period ended June 30, 2014 and 2013.

*Revenue Recognition*

Revenues are recognized on the accrual basis as services are rendered. Revenue includes income from immediate repair services provided remotely which is recognized immediately upon the delivery of the services and acceptance of the terms and conditions by the customer.

Deferred revenue is recorded when invoices are raised upon underlying maintenance agreement. Such service revenues are recognized on a straight-line basis over the term of the contract, which is generally 12 to 36 months.

*Income Taxes*

The Company accounts for income taxes in accordance with FASB ASC No. 740 (formerly SFAS No. 109) "Accounting for Income Taxes", which requires an assets and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statements and tax basis of assets and liabilities that results in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

**NOTE 3 – CONCENTRATION OF RISK**

The Company performs ongoing credit evaluation of its customers and the company generally does not require collateral to secure its accounts receivable. It estimates the credit losses based on the management's evaluation and the current industry trends. Although the company expects to collect amounts due, actual collections may differ from the estimated amounts. The Company's customers are primarily individuals. As of June 30, 2014 and 2013, no customer accounted for more than 10% of the net revenues.

**NOTE 4 - RELATED PARTY TRANSACTION**

The company purchases services from its affiliate company, HCL Services Ltd, India. HCL Touch, Inc. (“the Company”) and HCL Services Ltd, India are subsidiaries of HCL Infosystems Ltd, India. The Company had taken services in the amount of \$142,711 as of June 30<sup>th</sup> 2014 from HCL Services Ltd (affiliate) and \$351,844 as of June 30<sup>th</sup> 2013 from the parent company.

**NOTE 5 - ACCOUNTS PAYABLE**

The Company has accounts payable in the amount of \$144,040 as of June 30<sup>th</sup> 2014 and \$209,252 as of June 30<sup>th</sup> 2013.

**NOTE 6 – INCOME TAXES**

The Company accounts for income taxes under the provisions of FASB ASC 740, “*Accounting for Income Taxes*”. Under ASC 740, deferred taxes are required to be classified based on the financial statement classification of the related assets and liabilities which give rise to temporary differences. Deferred taxes result from temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities.

All of the income before tax as shown in the statement of income for the period ended June 30, 2014 and 2013 is derived in the United States.

The components of income tax expense (benefit) relating to earnings from operations are as follows:

	<u>6/30/2014</u>	<u>6/30/2013</u>
Current Tax	NIL	NIL
Deferred Tax Benefit – Federal	(\$1,858)	(\$53,822)
Deferred Tax Benefit – State	(319)	(9,229)
	<hr/>	<hr/>
Total	<u>(\$2,177)</u>	<u>(\$63,051)</u>

The components of deferred tax asset are as follows:

	<u>6/30/2014</u>	<u>6/30/2013</u>
Deferred tax asset – Current		
NOL	\$66,889	\$64,712
	<hr/>	<hr/>
Total deferred tax asset	<u>\$66,889</u>	<u>\$64,712</u>

**NOTE 7 – COMMON STOCK**

The Company was incorporated on August 29, 2011 with an authorized capital of 5,000 shares of its common. The Company had 150, issued and outstanding shares as on June 30<sup>th</sup>, 2014 and June 30<sup>th</sup> 2013.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

There are no pending legal actions, including arbitrations, class actions and other litigation, arising in connection with the Company's activities as IT consultants. Legal reserves are established in accordance with FASB *ASC 450* (formerly known as SFAS No. 5), "*Accounting for Contingencies*". Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change. There are no legal reserves in the statement of financial condition as of June 30<sup>th</sup>, 2014 and June 30<sup>th</sup> 2013.

The Company has entered into a month to month lease agreement for the office space.

**NOTE 9 – SUBSEQUENT EVENT**

Subsequent events have been evaluated through August 21<sup>st</sup>, 2014, which is the date the financial statements were available to be issued.

**HCL TOUCH, INC.**  
**SCHEDULE A**  
**COST OF GOODS SOLD**  
**FOR THE YEAR ENDED JUNE 30, 2014**



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	<u>July 1, 2013 to June 30, 2014</u>	<u>July 1, 2012 to June 30, 2013</u>
Consumption Services	\$ 142,711	\$ 351,844
<b>TOTAL COST OF GOODS SOLD</b>	<b><u>\$ 142,711</u></b>	<b><u>\$ 351,844</u></b>

**HCL TOUCH, INC.**  
**SCHEDULE B**  
**OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**



	July 1, 2013 to June 30, 2014	July 1, 2012 to June 30, 2013
Advertisement	\$ -	\$ 15,817
Bank Service Charges	49	1,223
Bad Debts	1,158	
Credit Card Charges	273	23,681
Dues & Subscription	175	720
Interest Exps	-	95
Legal & Professional Expenses	24,674	40,988
Miscellaneous	25	2,600
Payroll Processing Fee	560	525
Postage	25	57
Rent	4,161	13,626
Recruitment	-	26,600
Payroll Expenses	-	93,276
Taxes - Payroll	-	8,568
Taxes - License	2,076	1,000
Travel Expenses	-	3,403
Vacation	-	6,654
<b>TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>\$ 33,175</b>	<b>\$ 238,833</b>

**HCL TOUCH, INC.**  
**SCHEDULE C**  
**INCOME TAX EXPENSE**  
**FOR THE YEAR ENDED JUNE 30, 2014**



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	July 1, 2013 to June 30, 2014	July 1, 2012 to June 30, 2013
Deferred Tax Benefit - Federal	\$ (1,858)	\$ (53,822)
Deferred Tax Benefit - State	(319)	(9,229)
<b>TOTAL INCOME TAX EXPENSE</b>	<b>\$ (2,177)</b>	<b>\$ (63,051)</b>

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