

Note from the MD's Desk

This is in all probability the last note I shall be writing as the Managing Director of Geometric. It has been an eventful year, which started with the announcement of the sale of Geometric to HCL and Dassault Systemes for Geometric business and 3DPLM respectively.

As we move to integrating Geometric into HCL Tech and 3DPLM into Dassault Systemes, all Geometricians (Both in Geometric and in 3DPLM) can be proud that we will deliver capabilities comparable to global 'best in class' in the field of PLM and related areas. Our customers in the verticals we serve are leaders in their field. They value us for our expertise, our ability to deliver complex solutions, our flexible approach and the competent, personable people who interact with them.

In Geometric, the last twelve months has seen an almost 50% decline in quarterly revenue from a company which used to be our largest customer; despite this we have managed to grow our revenues through increased activity in other verticals. Also during this period we have improved our profitability by driving efficiencies in operations, sales and overheads such that this quarter our PBT was more than 60% higher than the comparable quarter last year. Our sustainable EBITDA margins are now around 20% making them best in class amongst our peers.

Our employees are looking forward to the opportunities that being a part of a larger operation will bring. Attrition in Geometric is around 11.5% annualized. Most of our customers are leaders in their field. They too are looking forward to benefiting from the wider range of services that HCL Tech can offer. Indeed we have already started a few pilots where Geometric employees work under sub contract to HCL customers and vice versa, some of these at the request of customers!

In 3DPLM, employees are pleased that Geometric management found a solution, which will enable them to take bigger roles in core R&D of Dassault Systemes (DS). DS is delighted to get almost 2000 dedicated, highly trained and competent people who will enable them to further accelerate their ability to bring innovative products to the market. Moreover they get a well-established corporate structure that is governed by sound principles aligned with global best in class.

Thus it is with 'heads held high' Geometric enters its final quarter. Our revenues (excluding 3DPLM) are at US 36.86 Million (IND-AS) with profit before tax at a shade under ₹ 50 crores or almost 20% of revenues. Our shareholders, who have been incredibly patient, have been rewarded with returns of approximately 60% year on year. I therefore take this opportunity to thank all of you who have followed our story over 22 years we have been in existence, the employees, both current and past, who helped us to grow and establish a brand in PLM and engineering that is well respected through out

the world. I also need to acknowledge the tremendous role our customers have played in shaping our destiny, their faith in us as we endeavored to Build Partnerships to help them in achieving their goals. They helped us build the Company and I hope they can enjoy continued success with the respective entities. I specifically acknowledge Dassault Systemes's support to Geometric as their JV partner in tough times.

Finally on a personal note. I sincerely believe the challenge before the Indian IT Industry is the changing landscape. Multinationals of all hues have established their centers in India thus eroding the cost advantage that India based companies used to have. Furthermore the market has changed in that the cost driven approach on IT is moving more towards value, time to market and innovation. This means the 'front end' is becoming more important which is where established western companies have an advantage. The RFP (if there is one) is often driven by what value can one bring rather than what cost can one can save. Cost of course remains an important factor in the 'value' equation, but no longer the dominant one. So as I leave the post of being the CEO of a small sized company, albeit a market leader in its field, I wish my successors in HCL Tech and DS, all the best in leveraging the legacy of Geometric.

Thank You too to all of you who read this.

Ciao

Sincerely

A handwritten signature in blue ink, appearing to read 'Manu Parpia', with a long horizontal stroke extending to the right.

Manu Parpia
Managing Director & CEO