Jash USA, Inc. and subsidiary

Consolidated Financial Statements

March 31, 2020 and March 31, 2019

KNAV P.A.

Certified Public Accountants

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Table of Contents

Independent Auditors' Report **3**
Consolidated Financial Statements **6**
Consolidated balance sheets *7*
Consolidated statements of loss *9*
Consolidated statements of cash flow *10*
Consolidated statement of changes in equity *11*
Notes to Consolidated Financial Statements **12**

Independent Auditors' Report

To the Board of Directors of Jash USA, Inc. and subsidiary

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Jash USA, Inc. and subsidiary ("the Company") which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statement of profit and loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 of India in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing ("SA's") specified under section 143(10) of the Companies Act, 2013 of India. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 of India and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
• Implementation of Ind AS 115, 'Revenue from contracts with customers' - Revenue is	In view of the significance of the matter we applied following procedures:

recognized when the control of the products and services being sold has transferred to the customer. Therefore, there is a risk of revenue being overstated on account of variation in the timing of transfer of control due to the pressure management may feel to achieve performance targets at the reporting period end. • Refer Note 3.c of the consolidated financial statements for details on accounting policy on revenue recognition.	• Assessed appropriateness of the Company's revenue recognition accounting policies and reasonability of management's estimates used in recognition of revenue. • Performed substantive testing (including year-end cut-off testing) by selecting samples of revenue transactions recorded during the year, by verifying to and from the underlying documents, which included sales invoices/contracts and shipping documents. • We assessed manual journals posted to revenue to identify unusual items if any and considered adequacy of disclosures in respect of revenue.
• Implementation of Ind AS 116, Leases – At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet by measuring present value of unpaid leases using relevant estimates and judgements. There is risk of inappropriate implementation of recognition, measurement, classification and disclosure principles as per Ind AS 116. • Refer Note 3.l of the consolidated financial statements for details on accounting policy on leases.	In view of the significance of the matter we applied following procedures: • Assessed appropriateness of the Company's accounting policies and reasonability of management's estimates and judgements used in accounting for leases. • Reviewed underlying lease contracts and related documents to verify workings and adjustments to lease accounting. • Performed tests to ensure workings performed for accounting for leases are in accordance with the principles of Ind AS 116 and to ensure clerical accuracy of such workings. • We reviewed manual journals posted for change in accounting for leases and considered adequacy of disclosures in respect of leases.

Responsibilities of the management and those charged with governance for the consolidated financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 of India ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 a guarantee that an audit conducted in accordance with SA's will always detect a material misstatement when it exists. 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 consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.
- 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, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KNAV P.A.

KNAV P.A.
Certified Public Accountants
Atlanta, Georgia
June 24, 2020

Consolidated Financial Statements

Consolidated balance sheets

(All amounts in United states Dollar, unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
ASSETS				
Non-current assets				
Property and equipment, net	4	785,907	884,953	639,214
Right to use asset	26	193,842	-	-
Capital work-in-progress	4	35,000	35,000	-
Intangible assets	6	1,015,000	1,160,000	1,305,000
Non-current tax assets (net)	25	-	-	214,662
Other non-current assets	11	7,231	-	-
		2,036,980	**2,079,953**	**2,158,876**
Current assets				
Inventories	7	1,320,134	1,456,101	793,085
Financial assets				
- Trade receivables	8	3,568,165	2,966,919	1,503,523
- Cash and cash equivalents	9	298,761	80,083	300,578
Other current assets	10	210,143	407,162	19,899
Total current assets		**5,397,203**	**4,910,265**	**2,617,085**
Non-current asset classified as held for sale	5	1,050,000	1,350,500	1,825,200
Total assets		**8,484,183**	**8,340,718**	**6,601,161**

Consolidated balance sheets

(All amounts in United states Dollar, unless otherwise stated)	Notes	As at March 31, 2020	March 31, 2019	April 01, 2018
EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	2,437,648	2,437,648	1,837,648
Other equity	12	(4,103,476)	(3,629,161)	(2,104,013)
Total equity		**(1,665,828)**	**(1,191,513)**	**(266,365)**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
- Borrowings	13	620,831	1,275,601	2,152,273
- Lease liability	26	137,917	-	-
Total non-current liabilities		**758,748**	**1,275,601**	**2,152,273**
Current liabilities				
Financial liabilities				
- Borrowings	13	700,758	951,515	951,515
- Trade payable	14	7,797,108	6,666,388	3,571,169
- Lease liability	26	48,595	-	-
Provisions	15	148,993	66,800	-
Other current liabilities	16	695,809	571,926	192,568
Total current liabilities		**9,391,263**	**8,256,629**	**4,715,252**
Total equity and liabilities		**8,484,183**	**8,340,717**	**6,601,160**

(The accompanying notes are an integral part of these consolidated financial statements)

Consolidated statements of profit and loss

(All amounts in United states Dollar, unless otherwise stated)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Income			
Revenue from operations	17	11,276,895	10,746,182
Other income	18	294,930	-
Total revenue		**11,571,825**	**10,746,182**
Expenses			
Cost of materials consumed	19	7,295,743	7,956,465
Changes in inventories of finished goods, work in progress and stock in trade	20	(608,401)	(663,016)
Employee benefits expense	21	2,549,060	1,967,592
Finance cost	23	112,245	155,562
Depreciation and amortization expense	22	332,758	253,299
Other expenses	24	2,356,271	2,386,765
Total expenses		**12,037,676**	**12,056,667**
Loss before tax		**(465,851)**	**(1,310,485)**
Income tax expense			
Current tax expense	25	9,268	-
Deferred tax expense	25	-	214,662
Total income tax expense		**9,268**	**214,662**
Net loss for the year		**(475,119)**	**(1,525,147)**
Loss per equity share (par value USD 10 each):	27		
Basic		(26)	(82)
Diluted		(26)	(82)

(The accompanying notes are an integral part of these consolidated financial statements)

Consolidated statements of cash flow

(All amounts in United states Dollar, unless otherwise stated)

	For the year ended	
	March 31, 2020	March 31, 2019
Cash flow from operating activities		
Loss before income tax	**(465,851)**	**(1,310,485)**
Adjustments for		
Depreciation and amortization expenses	332,758	253,299
Net gain on sale of assets	(145,500)	-
Revaluation of asset held for sale	-	66,110
Provision for doubtful debts	187,417	194,791
Employee share-based payment expenses	803	-
Net gain arising on financial assets mandatorily measured at fair value through profit or loss	(372)	-
Finance costs recognized in profit or loss	105,288	148,982
Changes in operating assets and liabilities		
Increase in trade receivables	(342,663)	(1,758,229)
Decrease (increase) in other current assets	197,019	(137,566)
Increase in other assets	(10,000)	-
Decrease (increase) in inventories	135,967	(663,016)
Increase in other current liabilities	118,671	325,186
Increase in trade payables	1,130,720	3,095,219
Increase in provisions	82,193	66,800
Cash generated from operations	**1,326,450**	**281,091**
Income taxes paid	(4,056)	-
Net cash generated by operating activities	**1,322,394**	**281,091**
Cash flows from investing activities		
Purchase of property and equipment	(54,558)	(95,104)
Purchase of capital work in progress	-	(35,000)
Net cash used in investing activities	**(54,558)**	**(130,104)**
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	-	600,000
Repayment of long-term borrowings	(951,515)	(876,672)
Repayment of lease liability	(38,343)	-
Interest paid	(59,300)	(94,810)
Net cash used in financing activities	**(1,049,158)**	**(371,482)**
Net increase (decrease) in cash and cash equivalents	218,678	(220,495)
Cash and cash equivalents at the beginning of the year	80,083	300,578
Cash and cash equivalents at the end of the year	**298,761**	**80,083**

(The accompanying notes are an integral part of these consolidated financial statements)

Consolidated statement of changes in equity

(All amounts in United states Dollar, unless otherwise stated)

	Equity share capital (a)	Retained earnings (b)	ESOP reserve (c)	Total other equity (b)+(c)	Total equity (a)+(b)+(c)
Balance as at April 01, 2018	**1,837,648**	**(2,104,013)**	**-**	**(2,104,013)**	**(266,365)**
Additional paid up capital	600,000	-	-	-	600,000
Loss for the year	-	(1,525,147)	-	(1,525,147)	(1,525,148)
Balance as at March 31, 2019	**2,437,648**	**(3,629,160)**	**-**	**(3,629,160)**	**(1,191,513)**
Balance as at April 01, 2019	**2,437,648**	**(3,629,160)**	**-**	**(3,629,160)**	**(1,191,513)**
Loss for the year	-	(475,119)	-	(475,119)	(475,119)
Stock-based compensation expense	-	-	803	803	803
Balance as at March 31, 2020	**2,437,648**	**(4,104,279)**	**803**	**(4,103,476)**	**(1,665,828)**

(The accompanying notes are an integral part of these consolidated financial statements)

Notes to Consolidated Financial Statements

(All amounts in United states Dollar, unless otherwise stated)

1. BACKGROUND AND PRINCIPAL ACTIVITIES

Jash USA, Inc. was incorporated on February 23, 2011 in the state of Delaware. It is a wholly owned subsidiary of Jash Engineering Limited. ("JEL" or "Jash India" or "Parent Company"), a company incorporated in India. JEL is engaged in manufacture and trading of measuring tools, machine tools, water control gates and iron castings. Jash USA, Inc. markets and trades these products in the United States.

During the year ended March 31, 2017, Jash USA, Inc. incorporated a wholly owned subsidiary company by the name of Rodney Hunt Inc. with no capital. Jash USA, Inc. and Rodney Hunt Inc. are collectively referred to as the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Statement of compliance

The consolidated financial statements ("consolidated financial statements") of the Company are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on an accrual basis. The Ind AS are prescribed under Section 133 of the Companies Act 2013 of India ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The consolidated financial statements have been prepared to facilitate Jash Engineering Limited in preparation of its consolidated financial statements. The consolidated financial statements include the disclosures as required under Ind AS to the extent it facilitates and is applicable for preparation of JEL's consolidated financial statements.

These consolidated financial statements are the first consolidated financial statements of the Company under Ind AS. Refer note 33 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The consolidated financial statements include the financial statements of Jash USA, Inc. and its subsidiary, Rodney Hunt Inc., which is 100% owned and controlled.

(b) Basis for consolidation

The consolidated financial statements are for the years ended March 31, 2020 and March 31, 2019. The financial statements of the Company and its subsidiary are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain/loss from such transactions are eliminated upon consolidation.

(c) Use of estimates

The preparation of consolidated financial statements in conformity with Ind AS requires management to make estimates, judgement, and assumptions. These estimates, judgement and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Significant items subject to such estimates, judgement and assumptions include the useful lives of property, plant and equipment, revenue recognition, valuation of inventory, impairment of financial assets, expected credit losses, the measurement of lease liabilities and right-of-use (ROU) assets and other contingencies. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

(d) Going concern

The Company has a negative net worth of $1,665,828 and accumulated losses of $4,103,476 as on March 31, 2020. Although these events and condition cast significant doubt on the Company's ability to continue as a going concern, the Company has plans for development of its business operations pursuant to acquisition of assets from VAG USA LLC. Further the parent company has agreed to provide ongoing financial support to the Company to meet its short and long-term liabilities. Considering these mitigating factors, the consolidated financial statements are prepared on going concern basis and no adjustments are required to the carrying values of assets and liabilities except for the assets that are intended for sale.

(e) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value.

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The management considers that the carrying amounts of financial assets and liabilities recognized in the consolidated financial statements approximate their fair value as on reporting date.

(f) Basis of presentation

(i) Functional and presentation currency

The functional currency and reporting currency of the Company is the United States Dollar (USD).

(ii) Classification of assets as current and non-current

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realizable value. Cost of raw materials and traded goods comprises cost of purchases and associated costs. Cost of work-in-progress and finished goods comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure. Fixed overheads are allocated based on normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to the individual items in a group of inventories on the basis of first-in-first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

b. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

c. Revenue recognition

Effective April 1, 2019, the Company has adopted Indian Accounting Standard 115 (Ind AS-115) 'Revenue from contracts with customers' (refer note 18) using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. April 1, 2019. The effect on adoption of Ind-AS 115 was insignificant.

The Company recognizes revenue from sale of products and spares, whenever control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account customer's creditworthiness.

Revenue is the transaction price the Company expects to be entitled to. In determining the transaction price, the Company considers effects of variable consideration, the existence of significant financing contracts, noncash consideration, and consideration payable to the customer, if any.

Sale of goods and services

Revenue is measured at the fair value of the consideration received or receivable. The Company recognizes revenues on sale of products, net of discounts, sales incentives, rebates granted, returns, sales taxes and duties when the products are delivered to customer which is when title and risk and rewards of ownership pass to the customer.

Revenue from sales is recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell/ consume the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the acceptance provisions have lapsed. The Company provides ancillary field services relating to its products for which the revenue is recognized at a point in time when the service is completed, and control of the service provided has been transferred to customer.

d. *Property and equipment, net*

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on fixed assets is calculated using the straight-line method to allocate their cost, net of their residual values, over the estimated useful life of the asset as follows:

Particulars	Useful life
Furniture and equipment	5 years
Computers	3 years
Plant and machinery	5 years
Exhibition goods	5 years

The Company acquired above machinery, equipment and vehicles from VAG USA LLC. As these assets are old and used, the Company has estimated a lower useful life compared to the ones mentioned in schedule II of the Companies Act, 2013.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains (losses).

e. *Intangible assets*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Amortization is recognized on a straight-line basis over their estimated useful life which is as follows:

Particulars	Useful life
Trademark	10 years

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

f. *Assets held for sale*

Non-current assets are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell. Such assets are not depreciated or amortized while they are classified as held for sale. Such assets classified as held for sale are presented separately from the other assets in the consolidated balance sheet.

g. *Impairment of intangible assets and property and equipment*

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets of a "Cash Generating Unit" (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash- generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss.

h. *Financial instruments*

a. *Financial assets*

i. Recognition, measurement and classification

Trade receivables are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit and loss. Any gain or loss on derecognition is recognized in the consolidated statement of profit and loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognized on its consolidated balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

ii. Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities deposits, and bank balance.
- Trade receivables - The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

b. Financial liabilities

i. Recognition, measurement and classification

All financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial liability is initially measured at fair value, in case of financial liability which are recognized at fair value through profit and loss (FVTPL), its transaction cost are recognized in the consolidated statement of profit and loss.

ii. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non- cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains (losses).

c. Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

i. Employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

j. Defined contribution plans

Employee benefit under defined contribution plans comprises of contributory post-retirement benefit scheme, is recognized based on the undiscounted amount of obligations of the Company to contribute to the plan. The same is paid to a fund administered through a separate trust.

k. Taxes on income

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax liabilities are generally recognized in full, although Ind AS 112, Income Taxes, specifies limited exemptions.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

l. Leases

Policy under Ind AS 17
In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other lease were classified as operating leases and were not recognized in the Company's consolidated balance sheet. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

Policy under Ind AS 116
The Company has adopted Ind AS 116 "Leases" effective April 1, 2019 and applied the standard to its leases using the modified retrospective approach. Accordingly, the Company has not restated comparative information. As on April 1, 2019, the Company has recognized "right of use asset" at an amount equivalent to the lease liability.

For any new contracts entered into on or after April 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Classification of leases
The assessment of the lease is based on several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to extend/purchase, etc.

Recognition and initial measurement
At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the consolidated balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent measurement
The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term.

m. Business combination

As a part of transition to Ind AS, the Company has elected to apply the Ind AS 103, Business Combinations to only those business combinations that occurred on or after April 1, 2011. Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any excess of identifiable net assets over acquisition cost is recognized in the other comprehensive income on the acquisition date and accumulated in equity as capital reserve. Acquisition related costs are accounted for as expenses in the period in which they are incurred, and the services are received.

n. Stock based compensation

The Company accounts for stock-based compensation expense relating to equity stock options (“ESOP”) that will be settled in shares of Jash Engineering Limited, its parent company. Equity-settled plans are accounted at fair value as at the grant date. The fair value of the share-based option is determined at the grant date using a market-based option valuation model (Black Scholes Option Valuation Model). The fair value of the option is recorded as compensation expense amortized over the vesting period of the options, with a corresponding increase in ‘Other Equity’ under the head ‘ESOP Reserve’.

The Company recognized stock-based compensation for awards granted by the ultimate parent company, that are expected to vest on a straight-line basis over the requisite service period of the awards. In respect of awards that have a graded vesting schedule and with only service conditions, compensation cost is recognized on straight line basis over the requisite service period for each separately vesting portion of the award as if the award was-in-substance, multiple awards.

o. Earnings per share

In determining earnings per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of common shares outstanding during the period. The number of common shares used in computing diluted earnings per common share comprises the weighted average common shares considered for deriving basic earnings per share, and also the weighted average number of common shares that could have been issued on the conversion of all dilutive potential common shares.

p. Provisions & contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

4. PROPERTY & EQUIPMENT, NET

	Furniture and equipment	Computers	Plant and machinery	Exhibition goods	Land and factory shed	Total	Capital work in progress
Gross block as at							
April 01, 2018	**42,400**	**8,430**	**195,019**	**38,530**	**400,241**	**684,620**	**-**
Additions	-	2,936	92,168	-	-	95,104	35,000
Transfer from asset held for sale	-	-	100,045	-	158,890	258,935	-
March 31, 2019	**42,400**	**11,366**	**387,232**	**38,530**	**559,131**	**1,038,659**	**35,000**
Additions	6,028	2,884	45,646	-	-	54,558	-
March 31, 2020	**48,428**	**14,250**	**432,878**	**38,530**	**559,131**	**1,093,217**	**35,000**
Accumulated depreciation as at							
April 01, 2018	**18,088**	**3,629**	**16,910**	**6,779**	**-**	**45,406**	**-**
Depreciation	8,934	2,520	47,201	7,709	41,935	108,299	-
March 31, 2019	**27,022**	**6,149**	**64,111**	**14,488**	**41,935**	**153,705**	**-**
Depreciation	6,669	2,521	80,792	7,706	55,916	153,604	-
March 31, 2020	**33,691**	**8,670**	**144,903**	**22,194**	**97,851**	**307,309**	-
Net block as at							
March 31, 2020	**14,737**	**5,580**	**287,975**	**16,336**	**461,280**	**785,907**	**35,000**
March 31, 2019	**15,378**	**5,217**	**323,121**	**24,042**	**517,196**	**884,953**	**35,000**
April 01, 2018	**24,312**	**4,801**	**178,109**	**31,751**	**400,241**	**639,214**	**-**

5. ASSETS HELD FOR SALE

	Factory shed* ($)	Plant and machinery ($)	Total
Tangible assets held for sale			
Balance as at April 1, 2018	**1,275,000**	**550,200**	**1,825,200**
-Additions	-	-	-
-Dispositions	-	(157,000)	(157,000)
-Revaluation adjustment	(66,110)	-	(66,110)
-Transfer to tangible asset	(158,890)	(100,046)	(258,936)
-Profit (Loss) on sale	-	-	-
Balance as on March 31, 2019	**1,050,000**	**300,500**	**1,350,500**
Balance as at April 1, 2019	**1,050,000**	**300,500**	**1,350,500**
-Dispositions	-	(446,000)	(446,000)
-Revaluation adjustment	-	-	-
-Transfer to tangible asset	-	-	-
-Profit on sale	-	145,500	145,500
Balance as at March 31, 2020	**1,050,000**	**-**	**1,050,000**

*After the acquisition of land and factory shed from VAG USA LLC, the management has decided to sell a major portion of land and factory shed. Accordingly, it is classified as asset held for sale and valued at lower of cost or realizable value.

6. INTANGIBLE ASSETS

	Trademarks	Total
Gross block		
Balance as at April 01, 2018	**1,450,000**	**1,450,000**
Additions	-	-
Disposal	-	-
Balance as at March 31, 2019	**1,450,000**	**1,450,000**
Additions	-	-
Disposal	-	-
Balance as at March 31, 2020	**1,450,000**	**1,450,000**
Accumulated amortization		
Balance as at April 01, 2018	**145,000**	**145,000**
Amortization	145,000	145,000
Asset written off	-	-
Balance as at March 31, 2019	**290,000**	**290,000**
Amortization	145,000	145,000
Asset written off	-	-
Balance as at March 31, 2020	**435,000**	**435,000**

	Trademarks	Total
Net block as at March 31, 2020	**1,015,000**	**1,015,000**
Net block as at March 31, 2019	**1,160,000**	**1,160,000**
Net block as at April 01, 2018	**1,305,000**	**1,305,000**

7. INVENTORIES

		As at		
		March 31, 2020	**March 31, 2019**	**April 01, 2018**
Raw materials		121,973	866,341	190,000
Work-in-progress		604,186	22,947	-
Finished goods		327,635	-	-
Stock-in-trade		264,114	566,813	603,085
Packing materials, stores & spares		2,226	-	-
	$	**1,320,134**	**1,456,101**	**793,085**

8. TRADE RECEIVABLES

		As at		
		March 31, 2020	**March 31, 2019**	**April 01, 2018**
Unsecured and considered good				
- From related parties		639,186	600,547	-
- From others		2,928,979	2,366,372	1,503,523
Doubtful				
- From related parties		-	-	-
- From others		381,200	193,783	24,050
Less: allowance for doubtful debts		(381,200)	(193,783)	(24,050)
Total	$	**3,568,165**	**2,966,919**	**1,503,523**
Current portion		3,568,165	2,966,919	1,503,523
Total	$	**3,568,165**	**2,966,919**	**1,503,523**

Movement in expected credit loss allowance:

	Year ended		
	March 31, 2020	**March 31, 2019**	**April 01, 2018**
Balance at the beginning of the year	193,783	24,050	-
Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	187,417	194,790	24,050
Less: bad debts written off	-	(25,057)	-
Balance at the end of the year	**381,200**	**193,783**	**24,050**

The average credit period on sale of goods is 60 - 90 days, net.

The Company has a documented credit risk management policy for its business. For every new customer, Company performs a credit rating check using an external credit agency. If a customer clears the credit rating check, the credit limit for that customer is derived using internally documented scoring systems. The credit limits for all the customers are reviewed on an ongoing basis.

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director, or a member. For more details relating to related party receivables, refer Note 26.

9. CASH AND CASH EQUIVALENTS

			As at	
Cash and cash equivalents		**March 31, 2020**	**March 31, 2019**	**April 01, 2018**
Balances with banks:				
In current accounts		298,761	80,083	300,578
	$	**298,761**	**80,083**	**300,578**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

10. OTHER ASSETS

		As at	
	March 31, 2020	**March 31, 2019**	**April 01, 2018**
Other non-current assets			
Advances other than capital advances	-	-	-
- Security deposit	7,231	-	-
	7,231	**-**	**-**
Other non-current assets			
Accrued revenue (contract asset)	184,517	389,459	-
Advance to employees	10,000	-	-
Other advances	15,627	17,703	19,899
Total	**210,144**	**407,162**	**19,899**

11. EQUITY SHARE CAPITAL

		As at	
	March 31, 2020	**March 31, 2019**	**April 01, 2018**
Authorized capital			
Equity share capital			
18,500 equity shares of USD 10 par value	185,000	185,000	185,000
Total	**185,000**	**185,000**	**185,000**
Issued, subscribed and fully paid up			
18,500 equity shares of USD 10 each fully paid	185,000	185,000	185,000
Additional paid in capital	2,252,648	2,252,648	1,652,648
Total	**2,437,648**	**2,437,648**	**1,837,648**

11.1. Terms/rights attached to equity shares

The Company has equity shares of USD 10 each. Each holder of equity shares is entitled to one vote per share. The shareholders are entitled to dividends based on the number of shares they hold. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, post distribution of all preferential amounts. The distribution will be in proportion to the par value of the equity shares.

Reconciliation of number of Ordinary Equity Shares and amount outstanding:

	As at					
	March 31, 2020		March 31, 2019		April 01, 2018	
	Number	Amount	Number	Amount	Number	Amount
Equity Shares						
Issued and Subscribed:						
Balance as at the beginning of the year	18,500	185,000	18,500	185,000	18,500	185,000
Issued during the year	-	-	-	-	-	-
Balance as at the end of the year	**18,500**	**185,000**	**18,500**	**185,000**	**18,500**	**185,000**

11.2. Shares held by the Holding Company

All equity shares issued by the Company are held by its Holding Company

	As at					
	March 31, 2020		March 31, 2019		April 01, 2018	
	Number	Amount	Number	Amount	Number	Amount
Jash Engineering Limited						
Equity shares of USD 10 each fully paid	**18,500**	**185,000**	**18,500**	**185,000**	**18,500**	**185,000**

11.3. Disclosure of shareholders holding more than 5% of the Equity Share Capital

	As at					
	March 31, 2020		March 31, 2019		April 01, 2018	
	Number	Amount	Number	Amount	Number	Amount
Equity share capital						
Jash Engineering Limited						
Equity shares of USD 10 each fully paid	**18,500**	**185,000**	**18,500**	**185,000**	**18,500**	**185,000**

12. OTHER EQUITY

	As at		
	March 31, 2020	March 31, 2019	April 01, 2018
Other equity			
Retained earnings	(4,104,279)	(3,629,160)	(2,104,013)
ESOP reserve	803	-	-
Total other equity	**(4,103,476)**	**(3,629,160)**	**(2,104,013)**
Retained earnings			
Opening balance	(3,629,160)	(2,104,013)	(1,090,292)
Prior period adjustment	-	-	(287,917)
Net profit for the year	(475,119)	(1,525,147)	(725,804)

		As at	
	March 31, 2020	March 31, 2019	April 01, 2018
Closing balance	$ **(4,104,279)**	**(3,629,160)**	**(2,104,013)**

13. BORROWINGS

Non-current borrowings

		As at	
	March 31, 2020	March 31, 2019	April 01, 2018
Secured			
Borrowings from bank	-	700,758	1,652,273
Unsecured			
Jash Engineering Limited	620,831	574,843	500,000
Total current borrowings	$ **620,831**	**1,275,601**	**2,152,273**

Current borrowings

		As at	
	March 31, 2020	March 31, 2019	April 01, 2018
Secured			
Borrowings from bank	700,758	951,515	951,515
Total current borrowings	$ **700,758**	**951,515**	**951,515**

The Company obtained a loan from HDFC Bank, Bahrain amounting to $1,450,000 on January 24, 2017. It further obtained additional loan amounting to $1,400,000 during the year ended March 31, 2018. The Company utilized this loan for acquisition of assets from VAG USA LLC. The loan is entirely guaranteed by Jash Engineering Ltd, the parent company. The said loans bear an interest of prevailing 6-month LIBOR+2.5% (average interest rate for the year ended March 31, 2020: 4.45%). These loans are payable in 42 months from the date of borrowing.

During the year ended March 31, 2020, the Company repaid an amount of $951,515 towards principal amount and the interest expense recorded towards the loan amounts to $57,952 (March 31, 2019: $ 148,982).

Loan from parent company

During the year ended March 31, 2018, the Company obtained loan from JASH Engineering Ltd. amounting to $ 500,000 for the purpose of paying consideration towards business acquisition. The said loan bears an interest of 8%. The loan is currently obtained for a period for 2 years, however, the same can be extended at the demand of the Company. As at year ended March 31, 2020, entire amount of $500,000 is outstanding and during the year the Company has recorded interest expense of $45,988 (March 31, 2019: 42,580).

Net debt reconciliation:

		As at	
Particulars	March 31, 2020	March 31, 2019	April 01, 2018
Non-current borrowings	(620,831)	(1,275,601)	(2,152,273)
Current borrowings	(700,758)	(951,515)	(951,515)

		As at	
	March 31, 2020	March 31, 2019	April 01, 2018
Net debt	$ **(1,321,589)**	**(2,227,116)**	**(3,103,788)**

	Borrowings
Net debt as at April 01, 2018	**(3,103,788)**
Cash flows	876,672
Interest expense	(94,810)
Interest paid	94,810
Net debt as at March 31, 2019	**(2,227,116)**
Cash flows	951,515
Interest expense	(105,288)
Interest paid	59,300
Net debt as at March 31, 2020	**(1,321,589)**

14. TRADE PAYABLES

		As at	
	March 31, 2020	March 31, 2019	April 01, 2018
Trade payable	504,743	550,241	5,371
Trade payable due to related party	7,292,365	6,116,147	3,565,798
	$ **7,797,108**	**6,666,388**	**3,571,169**

15. PROVISIONS

		As at	
	March 31, 2020	March 31, 2019	April 01, 2018
Provision for employee benefits	148,993	66,800	-
	$ **148,993**	**66,800**	**-**

16. OTHER CURRENT LIABILITIES

		As at	
	March 31, 2020	March 31, 2019	April 01, 2018
Deferred revenue (contract liabilities)	637,141	473,226	-
Other payables	53,158	98,700	192,568
Provision for taxes	5,510	-	-
	$ **695,809**	**571,926**	**192,568**

17. REVENUE FROM OPERATIONS

Disaggregated revenue information

The table below presents disaggregated revenue from contracts with customers for the year ended March 2020 and March 31, 2019. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors

		For the year ended	
		March 31, 2020	March 31, 2019
Revenue from sale of products		11,145,683	10,631,246
Revenue from sale of services		131,212	114,936
Total	$	**11,276,895**	**10,746,182**

		For the year ended	
		March 31, 2020	March 31, 2019
Timing of revenue recognition			
Revenue recognized at a point in time		11,276,895	10,746,182
Revenue recognized over a period of time		-	-
Total	$	**11,276,895**	**10,746,182**

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	March 31, 2020	March 31, 2019	April 01, 2018
Contract asset			
Trade receivables (*Refer note 8*)	3,568,165	2,966,919	1,503,523
Accrued revenue *(Refer note 10)*	184,517	389,459	-
Contract liabilities			
Deferred revenue *(Refer Note 16)*	637,141	473,226	-

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. Increase in overall trade receivables resulted from increase in the revenue from operations.

Right of return assets and liabilities
The Company does not have any right of return assets and liabilities as at March 31, 2020 and March 31, 2019.

Performance obligation
Performance obligation for revenues have been summarized in the Note 3c.

18. OTHER INCOME

		For the year ended	
		March 31, 2020	March 31, 2019
Profit on sale of asset held for sale		145,500	-
Others		149,430	-
	$	**294,930**	**-**

19. COST OF MATERIAL CONSUMED

	For the year ended	
	March 31, 2020	March 31, 2019
Opening balance of raw materials	866,341	-
Purchases of goods	5,923,978	8,083,615
Other expenses	627,397	(127,150)
Closing balance of raw materials	(121,973)	-

		For the year ended	
		March 31, 2020	March 31, 2019
Total cost of material consumed	$	**7,295,743**	**7,956,465**

20. CHANGES IN INVENTORIES OF STOCK-IN-TRADE

		For the year ended	
		March 31, 2020	March 31, 2019
Opening stock			
Raw material		-	190,000
Work-in-progress		22,947	-
Finished goods		-	-
Stock-in-trade		566,813	603,085
Packing materials, stores & spares		-	-
Total opening	$	**589,760**	**793,085**
Closing stock			
Work-in-progress		604,186	22,947
Finished goods		327,635	-
Stock-in-trade		264,114	566,813
Raw material		-	866,341
Packing materials, stores & spares		2,226	-
Total closing	$	**1,198,161**	**1,456,101**
Total change in stock-in-trade	$	**(608,401)**	**(663,016)**

21. EMPLOYEE BENEFITS EXPENSE

		For the year ended	
		March 31, 2020	March 31, 2019
Salaries, wages and bonus		2,420,198	1,882,286
Defined contributions		25,172	19,601
Medical benefits		75,097	44,067
Staff welfare expenses encashment		27,790	21,638
Employee share based payment expenses		803	-
	$	**2,549,060**	**1,967,592**

22. DEPRECIATION AND AMORTIZATION EXPENSE

		For the year ended	
		March 31, 2020	March 31, 2019
Depreciation expenses *(Refer note 4)*		153,604	108,299
Amortization expenses		179,154	145,000
Total	$	**332,758**	**253,299**

Amortization expenses pertaining to right-to-use asset and fair value of security deposit for the year ended March 31, 2020 amounts to $34,154 and $426, respectively (refer note 32). Amortization expenses pertaining to trademark for the year ended March 31, 2020 and March 31, 2019, amount to $145,000 and $145,000, respectively (refer note 6).

23. FINANCE COST

		For the year ended March 31, 2020	For the year ended March 31, 2019
Interest		103,940	148,982
Bank charges		6,957	6,581
Interest on lease liability *(refer note 32)*		1,348	-
Total	**$**	**112,245**	**155,562**

24. OTHER EXPENSES

		For the year ended March 31, 2020	For the year ended March 31, 2019
Rent		11,989	42,317
Legal and professional expense		56,264	58,045
Auditor's remuneration (A)		42,837	32,832
Office expense		83,593	31,864
Commission		476,139	179,092
Electricity charges		190,443	219,013
Provision for bad debts		187,417	194,791
Revaluation adjustment		-	66,110
Others		1,307,589	1,562,701
Total	**$**	**2,356,271**	**2,386,765**

A. PAYMENT TO AUDITORS

		For the year ended March 31, 2020	For the year ended March 31, 2019
As auditors			
Audit fee		26,761	19,332
Interim review services		9,000	9,000
In other capacity			
Taxation matters		5,400	3,000
Reimbursement of expenses		1,676	1,500
	$	**42,837**	**32,832**

25. INCOME TAX EXPENSE

Tax expense

a) Amounts recognized in profit and loss

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax expense	9,268	-
Deferred tax expense	-	214,662
Tax expense for the year	**9,268**	**214,662**

b) Reconciliation of effective tax rate

	Year ended	
	March 31, 2020	**March 31, 2019**
Loss before tax	**(465,850)**	**(1,310,486)**
Income tax expense calculated at 21%	**(97,828)**	**(275,202)**
Tax effect of:		
Permanent differences	1,449	2,045
State tax	2,454	-
State tax true-up	6,162	-
Deferred tax-true up	(2,338)	(8,359)
State deferred tax impact	(91,609)	-
Change in net operating losses (NOL)	2,507	8,400
Effect of current year losses for which no deferred tax asset is recognized	188,471	487,778
Income tax expense recognized in profit or loss from continuing operations	**9,268**	**214,662**

The tax rate used for year ended March 31, 2020 reconciliation above is the corporate federal tax rate of 21% payable by corporate entities in US on taxable profits under US Tax Laws. The Company has net operating loss (NOL) carryforwards of $3,424,248 and $ 3,295,676 as at March 31, 2020 and March 31, 2019, respectively, at federal level, which if unutilized will begin to expire from the tax year 2031. The NOLs of $128,572 and $ 1,098,475 generated in 2019-20 and 2018-19, respectively, will be carried forward indefinitely and can be carried back to 5 years.

The net operating loss carryforwards at state level are $1,267,251 and $1,030,365 as at March 31, 2020 and March 31, 2019 which if unutilized will expire based on the statute of the states.

c) Movement in deferred tax assets

	For the year ended March 31, 2020		
Particulars	**Opening balance as at April 01, 2019**	**Recognized in profit and loss**	**Closing balance as at March 31, 2020**
Tax effect of items constituting deferred tax liability			
Property and equipment	(51,892)	7,832	(44,060)
Lease - Ind AS 116	-	(1,006)	(1,006)
Deferred tax assets not recognised	(742,930)	(188,472)	(931,402)
	(794,822)	**(181,646)**	**(976,468)**
Tax effect of items constituting deferred tax assets			
Provision for bad debts	40,694	50,831	91,525
Revaluation loss	23,357	3,348	26,705
Intangibles	20,300	14,514	34,814
Unrealized forex loss	-	818	818
Stock options expenses	-	193	193
Disallowed interest	15,872	13,140	29,011

	For the year ended March 31, 2020		
	Opening balance as at April 01, 2019	Recognized in profit and loss	Closing balance as at March 31, 2020
NOLs	694,599	98,802	793,402
	794,822	**181,646**	**976,468**
Net deferred tax asset	-	-	-

	For the year ended March 31, 2019		
Particulars	Opening balance as at April 01, 2018	Recognized in profit and loss	Closing balance as at March 31, 2019
Tax effect of items constituting deferred tax liability			
Property and equipment	-	(51,892)	(51,892)
Deferred tax assets not recognised	(255,150)	(487,780)	(742,930)
	(255,150)	**(539,672)**	**(794,822)**
Tax effect of items constituting deferred tax assets			
Provision for bad debts	-	40,694	40,694
Revaluation loss	-	23,357	23,357
Intangibles	-	20,300	20,300
Disallowed interest	-	15,872	15,872
NOLs	469,812	224,787	694,599
	469,812	**325,010**	**794,822**
Net deferred tax asset	**214,662**	**(214,662)**	**-**

26. LEASES

The Company has applied modified retrospective approach to all lease contracts existing as at April 01, 2019 under Ind AS 116 and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. The Company has applied Ind AS 116 with the date of initial application of April 1, 2019, with exception of short-term leases based on practical expedient. The Company's leasing operations consist principally of the leasing of office premises under non-cancellable operating lease expiring within six years.

Right of use assets of $224,855 and lease liabilities of $224,855 have been recognized as on July 1, 2019, the date of inception of lease arrangement.

Impact of adoption of Ind AS 116 for the year ended March 31, 2020 is as follows:

Particulars	USD
Decrease in rent	39,691
Increase in finance cost	1,348
Increase in amortization	33,728
Net impact on loss	**4,615**

Maturity analysis of lease liabilities– contractual undiscounted cash flows for the year ended March 31, 2020:

		As at March 31, 2020
Within one year		53,505
Later than one year but not more than 5 years		179,192
Total undiscounted lease liabilities at March 31, 2020		**232,697**
Less: Amount representing interest		46,185
Discounted lease liabilities included in the statement of financial position at March 31, 2020	$	**186,512**
Current		48,595
Non-current		137,917
		186,512

The weighted average incremental borrowing rate of 8% p.a. for local currency borrowing is applied for measuring the lease liability at the date of initial application.

Following are the carrying value of right of use assets for the year ended March 31, 2020:

	Office premises	Total
Gross block		
Balance as at March 31, 2019	**-**	**-**
Additions	224,855	224,855
Balance as at March 31, 2020	**224,855**	**224,855**
Accumulated amortization		
Balance as at March 31, 2019	**-**	**-**
Amortization	33,728	33,728
Balance as at March 31, 2020	**33,728**	**33,728**
Net block as at March 31, 2020	**191,127**	**191,127**
Net block as at March 31, 2019	**-**	**-**

The following are the amounts recognized in profit or loss:

		Year ended March 31, 2020	Year ended March 31, 2019
Amortization expense of right-of-use assets		33,728	-
Interest expense on lease liabilities		1,348	-
Rent expense		-	41,856
	$	**35,076**	**41,856**

Disclosure pursuant to Ind AS 17 for the previous year for operating leases

The Company's leasing operations consist principally of the leasing of office premises under non-cancellable operating lease expiring within six years.

Commitments for minimum lease payments in relation to non-cancellable operating lease are payable as follows:

	As at March 31, 2019
Within one year	7,046
Later than one year but not later than five years	-

27. RELATED PARTY TRANSACTIONS

As required by Ind AS 24 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India the relevant disclosures are as follows:

A. List of related parties with whom transactions have taken place during the period:

Jash Engineering Limited – Parent Company

Key Management Personnel

Mr. Ranjit Nair- Director

B. Summary of transactions and balances with related parties is as follows:

Transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
Purchases made during the year	3,616,493	4,993,307
Back charges to JEL	565,625	516,547
Back charges received from customer	501,277	-
Sale of plant and machinery held for sale	686,000	196,000
Interest accrued on loan	45,988	42,580
Received additional paid in capital	-	600,000
Expense incurred on behalf of Jash Engineering Limited	72,250	75,000
Remuneration of Ranjit Nair	187,680	171,000
Advances obtained from Ranjit Nair	31,000	107,500
Advances repaid to Ranjit Nair	31,000	107,500

Balances	As at March 31, 2020	As at March 31, 2019
Payable to parent company	7,292,365	6,116,147
Receivable from parent company	639,186	600,547
Loan payable	500,000	500,000
Interest payable	120,831	74,843

Additionally, the parent company has provided guarantee towards the loans obtained from HDFC Bank, Bahrain.

28. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to the equity shareholders by the average number of equity shares outstanding during the year. Numbers used for calculating basic and diluted earnings per equity share are as stated below:

		For the year ended	
		March 31, 2020	March 31, 2019
Net loss after tax		(475,119)	(1,525,148)
Weighted average number of equity shares outstanding during the year		18,500	18,500
Earnings per share	$	**(26)**	**(82)**

29. SEGMENTAL INFORMATION

As the Company's business activities fall within a single primary business segment, the disclosure requirements of Ind AS 108 in this regard are not applicable since there is no other reportable segment.

30. RISK MANAGEMENT DISCLOSURE

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include inventory, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk as summarized below:

a. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Customer credit risk is managed as per the Company's established policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. Company's four customers accounted for approximately 25% of total sales for the year ended March 31, 2020 and four customers accounted for approximately 29% of total sales for the year ended March 31, 2019. Four customers accounted for more than 35% of trade receivables as at March 31, 2020 and four customers accounted for more than 59% of trade receivables as at March 31, 2019.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

	March 31, 2020		
Age category	Balances at reporting date	Adjusted loss rate	Expected credit loss allowance
0-30	2,621,228	0.50%	13,106
31-60	87,219	0.50%	436
61-90	493,945	1.00%	4,939
91-120	356,151	1.00%	3,540
121-180	327,529	60.00%	196,017
181-360	41,984	90.00%	37,356
More than 360	125,806	100.00%	125,806
			381,200

		March 31, 2019	
Age category	**Balances at reporting date**	**Adjusted loss rate**	**Expected credit loss allowance**
0-30	2,015,481	0.00%	-
31-60	435,853	0.00%	-
61-90	590,426	0.00%	-
91-120	113,866	0.50%	573
121-180	67,992	10.00%	6,800
181-360	186,747	50.00%	93,274
More than 360	113,101	85.00%	93,136
			196,878

b. Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. All the debts of the Company are short term in nature. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars		**Up to 1 year**	**More than 1 year**	**Total**
As at March 31, 2020				
Borrowings:				
Current		700,758	-	700,758
Non-current		-	620,831	620,831
Lease liability		48,595	138,917	186,512
Total		**749,353**	**758,748**	**1,508,101**
As at March 31, 2019				
Borrowings:				
Current		951,515	-	951,515
Non-current		-	1,275,601	1,275,601
Lease liability		137,917	-	-
Total	$	**1,089,432**	**1,275,601**	**2,227,116**

c. Market risk – foreign currency

Since majority of transactions are in USD, the Company is not significantly exposed to foreign currency risk.

d. Market risk – interest rates

Major borrowings of the Company are at variable interest rate. The interest rate profile of the Company's interest-bearing financial instruments as reported to management is as follows:

	As at	
	March 31, 2020	**March 31, 2019**
Variable rate financial liabilities	700,758	1,652,273
	700,758	**1,652,273**

Cash flow sensitivity analysis for variable-rate instruments:

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant:

Year ended	**Increase (decrease) in basis points**	**Effect on profit before tax increase (decrease)**
March 31, 2020	(100)	(5,460)
	100	5,460
March 31, 2019	(100)	(15,251)
	100	15,251

e. Impact of pandemic

The extent of the impact of coronavirus (COVID 19) outbreak on operations of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, government actions, the impact on financial markets and the overall economy, all of which are highly uncertain and cannot be predicted.

31. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company monitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

		As at	
Particulars		**March 31, 2020**	**March 31, 2019**
Loans and borrowings		1,321,589	2,227,116
Less: cash and cash equivalents		298,761	80,083
Net debt (A)		**1,022,828**	**2,147,033**
Equity		(1,731,035)	(1,191,512)
Capital and net debt (B)		**(1,731,035)**	**(1,191,512)**
Adjusted net debt to equity ratio (A/B)	$	**(0.59)**	**(1.80)**

32. FIRST TIME ADOPTION OF IND AS

Transition to Ind AS

These are the Company's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 3 have been applied in preparing the consolidated financial statements for the year ended March 31, 2020, the comparative information presented in these consolidated financial statements for the year ended March 31, 2019 and in the preparation of an opening Ind AS consolidated balance sheet at April 1, 2018 (the Company's date of transition). An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's consolidated financial position, financial performance and cash flows is set out as follows.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in transition from previous GAAP to Ind AS.

Ind AS optional exemptions

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property and equipment as recognized in the consolidated financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition. This exemption has also been used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property and equipment and intangible assets at their Previous GAAP carrying value.

Ind AS mandatory exceptions

Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition or at the end of the comparative period.

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the consolidated financial statements that were not required under the previous GAAP are –

- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortized cost.

Classification and measurement of financial assets

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Derecognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

B. Notes to first-time adoption

1. Revenue adjustment under Ind AS 115

The Company has adopted the standard on April 01, 2019 on a modified retrospective basis. The standard is applied only to contracts that are not completed as at April 01, 2019. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new standard did not result in any material adjustments to the Company's net loss.

C. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods.

There are no material adjustments to the consolidated balance sheet, income statement and statement of cash flows as reported under the previous GAAP.

33. STOCK BASED COMPENSATION

During the year ended March 31, 2020, the parent company issued stock options of Jash Engineering Limited under Jash Engineering Employee Stock Option Scheme 2019 aggregating to 15,000 options to a key management personnel of the Company. These options shall vest as follows:

Vesting conditions	Vesting proportion
After 12 months from the date of grant	10%
After 24 months from the date of grant	20%
After 36 months from the date of grant	30%
After 48 months from the date of grant	40%

The date of grant for the above-mentioned options is February 14, 2020 and the exercise price of the same is INR 119.

On the basis of the pronouncements of Ind AS 102, the Company has an option to either record the same as liability, payable to the parent company or the same should be considered as contribution to reserves by the parent company. The Company elects to consider the same as contribution made by the parent company. As a result of which, there has been an addition to reserves amounting to $803 (INR 56,947) during the year ended March 31, 2020.

34. SUBSEQUENT EVENTS

The Company has evaluated subsequent events and transactions that occurred after the consolidated balance sheet date up to June 24, 2020, the date the consolidated financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the consolidated financial statements.