GEOMETRIC AMERICAS INC.

Financial Statements

Year Ended March 31, 2019 and 2020

With Report of Independent Auditors

Geometric Americas, Inc.
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Geometric Americas, Inc.
Balance Sheet
Amount in USD, Except share and per share data

	As at March 31,	
	2019	**2020**
ASSETS		
Current assets		
Cash and cash equivalents	2,550,467	1,442,280
Accounts receivable, net	10,000,523	10,590,221
Unbilled receivables (PY: Unbilled revenue)	3,427,180	1,606,517
Advance income tax, net	1,455,045	187,494
Prepaid expenses	250,892	134,661
Short Term Loan to Group Company	9,450,000	6,650,000
Other current assets	2,109,018	2,741,535
Total current assets	**29,243,125**	**23,352,708**
Deferred income taxes, net	360,321	-
Property and equipment, net	224,286	192,273
Goodwill	2,828,090	2,828,090
Operating lease right-of-use assets	-	208,021
Other assets	135,996	136,189
Total assets	**32,791,818**	**26,717,281**
LIABILITIES AND EQUITY		
Current liabilities		
Current portion of Operating lease liabilities	-	171,366
Accounts payable	8,317,377	2,861,293
Short term borrowings from Group Company	3,000,000	3,000,000
Accrued employee costs	1,929,558	1,659,557
Contract liabilities (PY: Deferred Revenue)	2,936,412	3,158,620
Other current liabilities	1,173,911	727,850
Total current liabilities	**17,357,258**	**11,578,686**
Contract liabilities (PY: Deferred Revenue)	44,277	-
Deferred income taxes, net	-	481,080
Accrued employee cost	-	7,500
Total liabilities	**17,401,535**	**12,059,766**
Shareholders' Equity		
Common stock, no par value. Authorized 10,000 shares; issued and outstanding 1,432 shares as on March 31, 2019 & March 31, 2020 respectively	12,062,771	12,062,771
Additional paid-in capital	276,178	276,178
Retained earnings	3,051,334	2,318,566
Total equity	**15,390,283**	**14,657,515**
Total liabilities and equity	**32,791,818**	**26,717,281**

See accompanying notes to the financial statements

Geometric Americas, Inc.

Statement of Income and other comprehensive income

Amount in USD, Except share and per share data

	Year ended March 31,	
	2019	**2020**
Revenues	**60,410,293**	**47,254,557**
Cost of revenues (exclusive of depreciation)	52,408,174	41,922,250
Gross profit	**8,002,119**	**5,332,307**
Selling, general and administrative expenses	6,156,117	3,616,302
Depreciation	66,567	76,743
Other income, net	(268,953)	(210,870)
Finance cost	101,771	130,663
Income before income taxes	**1,946,617**	**1,719,469**
Provision for income taxes	991,980	2,452,237
Net income	**954,637**	**(732,768)**
Other comprehensive income	-	-
Total comprehensive income	**954,637**	**(732,768)**
Earnings per share		
Basic	$667	($512)
Diluted	$667	($512)

See accompanying notes to the financial statements.

Geometric Americas, Inc.
Statements of Equity
Amount in USD, Except share and per share data

	Common Stock				
	No of Stock	**Value**	**Additional paid-in capital**	**Retained earnings**	**Total Equity**
Balances as at April 1, 2018	**1,432**	**$12,062,771**	**$276,178**	**$2,096,697**	**$14,435,646**
Net income	-	-	-	$954,637	$954,637
Balances as at March 31, 2019	**1,432**	**$12,062,771**	**$276,178**	**$3,051,334**	**$15,390,283**

See accompanying notes to the financial statements.

	Common Stock				
	No of Stock	**Value**	**Additional paid-in capital**	**Retained earnings**	**Total Equity**
Balances as at April 1, 2019	**1,432**	**$12,062,771**	**$276,178**	**$3,051,334**	**$15,390,283**
Net income	-	-	-	($732,768)	($732,768)
Balances as at March 31, 2020	**1,432**	**$12,062,771**	**$276,178**	**$2,318,566**	**$14,657,515**

See accompanying notes to the financial statements.

Geometric Americas, Inc.
Statements of Cash Flows
Amount in USD, Except share and per share data

	Year ended March 31,	
	2019	**2020**
Cash flows from operating activities		
Net income	**$954,637**	**($732,768)**
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	66,567	76,743
Provision for doubtful accounts, net	422,940	(306,817)
Deferred income taxes	(393,865)	841,401
Interest expense	73,822	91,562
Interest income	(237,676)	(261,039)
Changes in assets and liabilities		
Accounts receivable and Unbilled receivables	8,406,991	1,537,782
Other current, operating lease right-of-use assets and other assets	(2,161,294)	539,316
Accounts payable	(1,936,162)	(5,456,084)
Contract liabilities	(91,444)	177,931
Other current, operating lease liabilities and other liabilities	(589,519)	(487,657)
Net cash (used in)/provided by operating activities	**4,514,997**	**(4,187,651)**
Cash flows from investing activities		
Purchase of property and equipment	(161,728)	(44,730)
Short term loan to group company	(9,450,000)	2,800,000
Interest received	7,175	472,796
Net cash (used in)/provided by investing activities	**(9,604,553)**	**3,228,066**
Cash flows from financing activities		
Proceeds from short term borrowings from group company	3,000,000	-
Interest paid	(5,401)	(148,602)
Net cash (used in)/provided by financing activities	**2,994,599**	**(148,602)**
Net increase/(decrease) in cash and cash equivalents	(2,094,957)	(1,108,187)
Cash and cash equivalents at the beginning of the year	4,645,424	2,550,467
Cash and cash equivalents at the end of the year	**$2,550,467**	**$1,442,280**
Supplemental disclosures of cash flow		
Cash payments for interest expenses	$5,401	$148,602
Cash payments for income taxes	$1,618,264	$696,000

See accompanying notes to the financial statements.

1. ORGANIZATION AND NATURE OF OPERATIONS

Geometric Americas, Inc. ("GAI" or "the Company") was incorporated on August 18, 1997 as a Massachusetts corporation. GAI's operations are primarily located in the Midwestern United States, where it is engaged in providing engineering services to major automotive, agricultural, construction equipment manufacturers, and related tier one suppliers. Additionally, GAI provides marketing assistance and promotes software products as well as provides software consultancy services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The accompanying financial statements are prepared on the basis of U. S. generally accepted accounting principles ("U.S. GAAP"). These financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

The Company uses the United States Dollar ('$' or 'USD') as its reporting currency.

b) Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to contract cost expected to be incurred to complete software development, allowance for doubtful debts, useful lives of property and equipment, valuation allowance for deferred tax assets, measurement of uncertain tax positions and estimate of future cash flows used in assessing impairment, and provisions for contingencies and litigation. The management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable. The actual amounts may vary from the estimates used in the preparation of the accompanying financial statements. Appropriate changes in the estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes made are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in notes to the financial statements.

c) Functional and foreign currency transactions

The functional currency of the Company is the United States Dollars (USD). Transactions in foreign currency are recorded at an appropriate daily exchange rate. Monetary assets and liabilities denominated in foreign currencies are expressed in the functional currency at the exchange rates in effect at the balance sheet date. Gains or losses resulting from foreign currency transactions are included in the statement of income and other comprehensive income.

d) Revenue recognition

Adoption of new accounting principles

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers" (Topic 606). This standard replaces existing revenue recognition guidance with a comprehensive revenue measurement and recognition standard and expanded disclosure requirements.

The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This model involves a five-step process for achieving that core principle, along with comprehensive disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Contracts involving provision of services and material

Revenue is recognized when, or as, control of a promised service or good transfers to a client, in an amount that reflects the consideration to which the company expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. Contract is accounted when it is legally enforceable through executory contacts, approval and commitment from all parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable

Time-and-material/Volume based/ Transaction based contracts

Revenue with respect to time-and-material, volume based and transaction based contracts is recognized as the related services are performed through efforts expended, volume serviced, transactions processed etc. that correspond with value transferred to customer till date which is related to our right to invoice for services performed for contracts, in accordance with the practical expedient in ASC 606-10-55-18

Fixed Price contracts

Revenue related to Fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration, complex network building contracts, ERP implementations and Application development is recognized based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (i.e., percentage-of-completion (POC) method of accounting). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified. Provisions for estimated losses, if any, on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Contract losses are determined to be the amount by which the estimated total cost to complete exceeds the estimated total revenues that will be generated by the contract and are included in Cost of revenues and classified in Other accrued liabilities.

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered, in accordance with the practical expedient in ASC 606-10-55-18. If invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost to cost method described above.

In arrangements involving sharing of customer revenues, revenue is recognized when the right to receive is established.

Revenue from product sales are shown net of sales tax and applicable discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item continues to be in inventory.

Multiple-performance obligation

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a five step approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct

performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which company would sell a promised good or service separately to the customer. When not directly observable, we typically estimate standalone selling price by using the expected cost plus a margin approach. We typically establish a standalone selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change. If the arrangement contains obligations related to License of Intellectual property (Software) or Lease deliverable, the arrangement consideration allocated to the Software deliverables, lease deliverable as a company is then allocated to each software obligation and lease deliverable using the guidance for recognizing Software revenue (ASC 606-10-55) and the lease revenue, as amended.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation. Revenues relating to such transition activities are classified as Contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental costs in relation to such transition activities are considered as fulfillment cost which are directly related to contract and result in generation or enhancement of resources and are expected to be recoverable under the contract and thereby these contract fulfillment assets classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and recorded as Deferred contract cost and amortized, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the Company is a principal to the transaction and net of costs when the Company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Company is a principal or an agent, most notably being whether company control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

Volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

Revenue recognized but not billed to customers is classified either as Contract assets or Unbilled receivable in our statements of financial position, Contract assets primarily relate to unbilled amounts on those contracts utilizing the cost to cost method of revenue recognition. Unbilled receivable represents contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

Revenue from sales-type leases is recognized when risk of loss has been transferred to the client and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client. Interest attributable to sales-type leases and direct financing leases included therein is recognized on an accrual basis using the effective interest method.

e) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Maintenance and repairs are charged to expense when incurred. Advances paid for acquisition of property and equipment outstanding at the balance sheet date and the cost of property and equipment not put to use as at such date are disclosed as capital work-in-progress.

Property and equipment are depreciated over the estimated useful life of the asset using the straight-line method, once the asset is put to its intended use. The estimated useful lives of assets are as follows:

Assets	**Estimated useful life for assets**
Computer hardware	4 -5 years
Software	3 years
Furniture, fixtures and office equipment	5 -7 years
Plant & equipment	10 years

f) Leases

A lease is a contract that contains right to control the use of an identified asset for a period of time in exchange for consideration.

Company as Lessee

Company is Lessee in case of office space. These leases are evaluated to determine whether it contains a lease and they are classified as Finance lease or Operating lease in accordance with Financial Accounting Standard Board's (FASB) guidance under ASC 842, 'Accounting for Leases'.

Effective April 1, 2019, all leases with a term of more than 12 months are recognized as right-of-use assets along with associated lease liabilities, in the balance sheet.

Right-of-use assets represent the entity's right to control the underlying assets under lease, and the lease liability is the obligation to make the lease payments related to the underlying assets under lease. Right-of-use assets are for finance lease and operating lease.

Operating lease - Right-of-use asset is measured initially based on the lease liability adjusted for any initial direct costs, prepaid rent, and lease Incentives. Right-of-use asset is depreciated based on straight line method over the lease term or useful life of right-of-use asset, whichever is less.

Finance lease – Right-of-use asset is capitalized at the lower of the net present value of the total amount of rent payable under the leasing agreement (excluding finance charges) or the fair market value of the leased asset. Finance lease assets are depreciated on a straight-line basis, over a period consistent with the Company's normal depreciation policy for tangible fixed assets, but not exceeding the lease term. Interest charges are expensed over the period of the lease in relation to the carrying value of the finance lease obligation.

Subsequently, right-of-use asset is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of lease lability.

The lease liabilities are measured at the lease commencement date and determined using the present value of the minimum lease payments not yet paid and the entity's incremental borrowing rate, which approximates the rate at which the entity would borrow in the country where the lease was executed. The lease payment comprises fixed payment less any lease incentives, variable lease payment that depends on an index or a rate, exercise price of a purchase option if the entity is reasonably certain to exercise the option and payment of penalties for terminating the lease, if the lease term reflects the company exercising an option to terminate the lease. Lease Liability is subsequently measured by increasing the carrying

amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made and remeasuring the carrying amount to reflect any reassessment or modification, if any.

The entity has elected to not recognize leases with a lease term of 12 months or less in the balance sheet, including those acquired in a business combination, and lease costs for those short-term leases are recognized on a straight-line basis over the lease term in the statement of income. For all asset classes, the entity has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract.

Company as Lessor

When substantially all the risks and rewards of property ownership have been transferred to the Company, as determined by the test criteria in FASB's guidance under ASC 842, the lease qualifies as a finance lease which is further sub classified into Sales type lease or Direct finance lease. For a sales-type lease, the net investment in the lease is measured at commencement date as the sum of the lease receivable, the estimated guaranteed and unguaranteed residual value of the equipment. Any selling profit or loss arising from a sales-type lease is recorded at lease commencement.

Operating lease income and expense is recognized on a straight-line basis over the term of the lease.

When arrangements include multiple performance obligations, the company allocates the consideration in the contract between the lease components and the non-lease components on a relative standalone selling price basis.

g) Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. Goodwill is not amortized but is reviewed for impairment annually or more frequently if indicators arise. Goodwill is tested annually on March 31, for impairment, or sooner when circumstances indicate impairment may exist, using a fair-value approach. The fair value used in this evaluation is estimated based upon discounted future cash flow projections. These cash flow projections are based upon a number of estimates and assumptions. No impairment loss was recorded for the Year ended March 31, 2020.

h) Income taxes

Income taxes are accounted for using the asset and liability method. Under this method, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax base of assets and liabilities and their financial reporting amounts at each balance sheet date, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. If it is determined that it is more likely than not that future tax benefits associated with a deferred income tax asset will not be realized, a valuation allowance is provided. The effect on deferred income tax assets and liabilities due to change in the tax rates is recognized in income in the period that includes the enactment date.

i) Employee benefits

The accrual for unutilized leave balance is determined for the entire available leave balance standing to the credit of the employees at period-end. The leave balance eligible for carry-forward is valued at gross compensation cost.

Compensated absences:

The employees of the company are entitled to compensated absences. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The company records an obligation for

compensated absences in the period in which the employee renders the services that increases this entitlement. The company measures the expected cost of compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. Non-accumulating compensated absences are recognized in the period in which the absences occur.

j) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed in the statement of income and other comprehensive income.

k) Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risks consist principally of accounts receivables. To reduce its credit risk on accounts receivables, the Company performs ongoing credit evaluation of customers.

l) Cash and cash equivalents

The Company considers all liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents comprise cash in hand and balance with banks.

m) Earnings per share

Basic and diluted earnings per share are computed using the weighted average number of equity shares outstanding during the period.

3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Adoption of new accounting principles

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 (ASU 2016-02) “Leases (ASC 842)”. This update, as well as additional amendments and targeted improvements issued supersedes existing lease accounting guidance found under ASC 840, Leases, and requires the recognition of right-of-use assets and lease obligations by lessees for those leases originally classified as operating leases under prior lease guidance.

The Company has adopted the new Accounting Standards Codification ASC 842, Leases, effective April 1, 2019 using the modified retrospective approach which involves recognizing new right-of-use (“ROU”) assets and lease liabilities on its balance sheets for various operating leases. Comparative information has not been adjusted and continues to be reported under ASC 840. As a result of the adoption of this new standard, all leases are classified as either operating leases or finance leases and are recorded on the balance sheets. The Company also elected the “package of practical expedients”, not to reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The Company has elected the lessee practical expedients to combine lease and non-lease components and account for the combined unit as a single lease component, in case there is no separate payment defined under the contract and to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option that the lessee is reasonably certain to exercise (“short-term leases”). The accounting for finance leases (capital leases under ASC 840) is substantially unchanged.

As a result of adoption of ASC 842, the Company recognized additional lease liabilities of $807,063, and ROU assets of $788,818.

Impact on financial statements

The following table summarizes the impact of the adoption of ASC 842 on its financial statements as of April 1,2019.

	As reported March 31, 2019	Adoption of ASC 842 Increase (Decrease)	Balance as of April 01, 2019
Prepaid expenses (note1)	250,892	(54,014)	196,878
Operating lease right-of-use assets	-	788,818	788,818
Operating leases liability (including current and non current portion)	-	807,063	807,063
Accrued liabilities and expenses – current (note2)	8,317,377	(72,259)	8,245,118

Note1: Includes prepaid rent amounting to $54,014, reclassified to operating lease right-of-use assets.
Note2: Includes lease equalization reserve of $72,259 adjusted with operating lease right-of-use assets.

New accounting pronouncements

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 (ASU 2016-13) “Financial Instruments—Credit Losses” which require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is to be deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The amendments are effective for the fiscal year beginning April 01, 2023 including interim periods within those fiscal years. The Company is currently in the process of evaluating the impact that adoption of this standard will have on its financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04 (ASU 2017-04) “Intangibles—Goodwill and Other (Topic 350)”, Simplifying the Test for Goodwill Impairment, which eliminates Step 2 of the goodwill impairment test that had required a hypothetical purchase price allocation. Rather, entities should apply the same impairment assessment to all reporting units and recognize an impairment loss for the amount by which a reporting unit's carrying amount exceeds its fair value, without exceeding the total amount of goodwill allocated to that reporting unit. Entities will continue to have the option to perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The amendments are effective for the fiscal year beginning April 01, 2022 including interim periods within those fiscal years. The Company is currently in the process of evaluating the impact that adoption of this standard will have on its financial statements.

In August 2018, the FASB issued Accounting Standards Update No. 2018-13 (ASU 2018-13) “Fair value measurement (Topic 820)”. The amendments in this Update apply to all entities that are required, under existing GAAP, to make disclosures about recurring or nonrecurring fair value measurements. The

amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, including the consideration of costs and benefits. The amendments are effective beginning April 01, 2020 including interim periods. The Company does not expect the adoption of this update to have a material impact on its financial statements.

In May 2019, the FASB issued ASU No. 2019-05, "Financial Instruments—Credit Losses (Topic 326)." The ASU provides final guidance that allows entities to make an irrevocable one-time election upon adoption of the new credit losses standard to measure financial assets measured at amortized cost (except held-to-maturity securities) using the fair value option. The amendments are effective for the fiscal year beginning April 01, 2023, including interim periods within those fiscal years. The Company is currently in the process of evaluating the impact that adoption of this standard will have on its financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740). The amendments in this Update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The ASU amendments are effective for fiscal years beginning April 01, 2022. Early adoption of the amendments is permitted. The Company is currently in the process of evaluating the impact that adoption of this standard will have on its financial statements.

4. CASH AND CASH EQUIVALENTS

As of March 31, 2019 and 2020, cash and cash equivalents comprise the following:

	March 31, 2019	March 31, 2020
Balances with banks	$2,550,467	$1,442,280
	$2,550,467	**$1,442,280**

5. ALLOWANCE FOR ACCOUNTS RECEIVABLE

The Company maintains an allowance for uncollectible receivables based on the trade receivables at the end of the year. Factors considered by the management in determining the adequacy of the allowance includes the present and prospective financial condition of the debtors and the ageing of the trade receivables.

The movement in allowance for accounts receivables is given below:

	March 31, 2019	March 31, 2020
Balance at the beginning of the year	$257,573	$704,224
Additional provision during the year	446,651	48,931
Deductions on account of write offs and collections	-	(481,076)
Other adjustment	-	(4,983)
Balance at the end of the year	**$704,224**	**$267,096**

6. SHORT TERM BORROWINGS TO GROUP COMPANY

As of March 31, 2019 and 2020, short term borrowings comprise the following:

	March 31, 2019	March 31, 2020
Loan to group company	$9,450,000	$6,650,000
	$9,450,000	**$6,650,000**

7. OTHER CURRENT ASSETS

As of March 31, 2019 and 2020, other current assets comprise the following:

	March 31, 2019	March 31, 2020
Employee advances	55,499	40,261
Interest receivable	230,501	18,745
Advance to group company	-	2,500,000
Deferred contract cost (PY: Deferred cost)	1,727,619	-
Advance to suppliers	3,726	60,368
Other	91,673	122,161
	$2,109,018	**$2,741,535**

8. PROPERTY AND EQUIPMENT, NET

As of March 31, 2019 and 2020, property and equipment comprise the following:

	March 31, 2019	March 31, 2020
Office equipment	74,660	73,536
Computer hardware	203,117	227,131
Computer software	56,887	56,887
Furniture and fixtures	142,920	142,919
Capital work in progress	-	7,653
	477,584	508,126
Less: Accumulated depreciation	(253,298)	(315,853)
	$224,286	**$192,273**

Depreciation expense was $66,567 and $76,743 for the year ended March 31, 2019 and 2020 respectively.

9. OTHER ASSETS

As of March 31, 2019 and 2020, other assets comprise the following:

	March 31, 2019	March 31, 2020
Deposits	132,552	127,553
Prepaid Expenses	3,444	8,636
	$135,996	**$136,189**

10. SHORT TERM BORROWINGS FROM GROUP COMPANY

As of March 31, 2019 and 2020, short term borrowings comprise the following:

	March 31, 2019	March 31, 2020
Loan from group company	$3,000,000	$3,000,000
	$3,000,000	**$3,000,000**

11. ACCRUED EMPLOYEE COSTS

As of March 31, 2019 and 2020, accrued employee cost comprise the following:

	March 31, 2019	March 31, 2020
Accrued salaries	$1,170,314	$979,773
Accrued vacation and holiday pay	759,244	679,784
	$ 1,929,558	**$1,659,557**

12. OTHER CURRENT LIABILITIES

As of March 31, 2019 and 2020, other current liabilities comprise the following:

	March 31, 2019	March 31, 2020
Accrued expenses	$1,103,870	$713,826
Interest payable	68,421	11,382
Taxes payable	1,620	2,642
	$1,173,911	**$727,850**

13. SHAREHOLDER'S EQUITY

The Company has only one class of equity shares. For all matters submitted to vote in the shareholders' meeting, every holder of equity shares, as reflected in the records of the Company shall have one vote in respect of each share held. In the event of liquidation of the affairs of the Company, all preferential amounts, if any, shall be discharged by the Company. The remaining assets of the Company after such discharge shall be distributed to the holders of equity shares in proportion to the number of shares held by them. Shares issued at no par value.

14. FAIR VALUE MEASUREMENT

The Company's financial instruments, including cash, accounts receivable and accounts payable, are carried at cost, which approximates their fair value because of the short term maturity of these instruments.

15. RELATED PARTY TRANSACTIONS

Sr. No.	Category of related parties	Names
1	Parent company	HCL Technologies Limited
2	Entities under common control	Geometric China, Inc. Geometric Asia Pacific Pte. Limited Geometric SRL, Romania Geometric Europe GmbH, Germany HCL America Inc. HCL Technologies Corporate Services Limited HCL Technologies Mexico HCL Technologies UK Ltd HCL Canada INC. HCL Technologies Luxembourg HCL America Solutions Inc. HCL Great Britain Ltd HCL Poland SP.Z O.O. HCL Axon Solutions Shanghai GAPP Japan Butler America Aerospace LLC Telerx Marketing INC HCL Technologies Germany GmbH

The transactions entered into by the Company with its related parties are as follows:

Nature of the transaction	Parent company	Entity under common control	Parent company	Entity under common control
	Year ended March 31, 2019		Year ended March 31, 2020	
Transactions during the year:				
Service income	$2,503,368	$1,998,768	$2,402,951	$5,846,403
Software service expenses	16,252,808	1,881,634	11,496,279	1,561,653
Insurance expense	11,786	-	23,572	-
Interest income	-	237,676	-	261,039
Interest Expense	-	73,822	-	91,562

Balances as at	March 31, 2019		March 31, 2020	
Account payable	$5,134,898	$1,572,703	$448,835	$309,224
Accounts receivables	271,607	1,108,519	243,187	3,881,923
Short term loan to group company	-	9,450,000	-	6,650,000
Short term loan from group company	-	3,000,000	-	3,000,000
Other assets	1,751,191	230,501	-	2,518,745
Other liabilities	870,962	68,421	1,498,282	11,382

16. EARNINGS PER SHARE

	Year ended	
	March 31, 2019	**March 31, 2020**
Net income as per statement of comprehensive income	$954,637	($94,565)
Weighted average number of shares outstanding in calculating basic EPS	1,432	1,432
Weighted average number of shares outstanding in calculating dilutive EPS	1,432	1,432
Earnings per equity share		
- Basic	667	(66)
- Diluted	667	(66)

17. LEASES

The Company has taken office space. Components of lease cost for operating leases for the year ended March 31, 2020 are summarized below:

	March 31, 2020
Operating Lease cost	598,248
Short term Lease cost	79,420
Total Lease cost	**$677,668**

Operating and short term lease cost is included in cost of revenues, selling general and administrative expenses in statement of Income.

Other information

	March 31, 2020
Cash paid for amounts included in the measurement of lease liabilities	-
Operating cash outflows from Operating leases	653,614
Weighted average remaining lease term - Operating leases	0.54 Year
Weighted average discount rate - Operating leases	3.45%

The following table presents a maturity analysis of expected undiscounted cash flows for operating leases on an annual basis for next five years and thereafter, and its reconciliation with respective lease liabilities recorded at the balance sheet date.

	Operating leases
Year ending March 31,	
2021	$172,951
2022	-
2023	-
2024	-
2025	-
Thereafter	-
Total lease payments	**$172,951**
Imputed interest	(1,585)
Total lease liabilities	**$171,366**

Certain lease agreements include options to terminate or extend the leases. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Rental expenses under operating leases are amortized on the straight line method. Rent expense for the years ended March 31, 2019 and 2020 amounts to $678,040 and $677,668, respectively.

Before the adoption of ASC 842, The Company conducts operations from leased facilities that are leased under non-cancellable operating lease agreements.

Future minimum lease payments under non-cancellable operating leases (with initial or remaining leases terms in excess of one year) as of March 31, 2019 are:

	Future minimum lease payment
Year ending March 31,	$
2020	$648,479
2021	212,380
2022 and thereafter	-

18. REVENUE FROM CONTRACT WITH CUSTOMERS:

A. Disaggregate Revenue Information

The disaggregated revenue from contracts with the customers for the year ended March 31, 2020 by contract type.

Revenues by contract type

	Year Ended March 31, 2020
Fixed price	15,888,267
Time and material	31,366,290
Total	**47,254,557**

B. Remaining Performance Obligations

As of March 31, 2020, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of ASC 606 was Nil. This is after exclusions of below:

a) Contracts for which we recognize revenues based on the right to invoice for services performed,
b) Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation in accordance with ASC 606-10-25-14(b), for which the criteria in ASC 60610-32-40 have been met, or
c) Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

C. Contract Balances

Contract assets

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are recognized where there is excess of revenue over the billings. Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our balance sheet. Contract assets primarily relate to unbilled amounts on fixed price contracts using the cost to cost method of revenue recognition. Unbilled receivable represents contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

Contract liabilities

A contract liability arises when there is excess billing over the revenue recognized. The below table discloses the significant movement in contract liabilities:

	Year Ended March 31, 2020
Balance as at March 31, 2019	**2,980,689**
Additional amounts billed but not recognized as revenue	232,943
Deduction on account of revenues recognized during the year	(55,012)
Balance as at March 31, 2020	**3,158,620**

Deferred contract cost

Deferred contract cost represents the contract fulfilment cost and cost for obtaining the contract The below table discloses the significant movement in Deferred contract cost:

	Year Ended March 31, 2020
Balance as at March 31, 2019	**1,727,619**
Additional cost capitalised during the year	**-**
Deduction on account of cost amortised during the year	(1,727,619)
Balance as at March 31, 2020	**-**

19. OTHER INCOME, NET

For the year ended March 31, 2019 and March 31, 2020, other income, net consists of:

	Year ended	
	March 31, 2019	**March 31, 2020**
Foreign exchange (loss)/gain, net	$31,277	($46,015)
Miscellaneous income/(loss) on sale of fixed asset	-	(4,154)
Interest income	237,676	261,039
	$268,953	**$210,870**

20. INCOME TAXES

Income tax expense attributable to income from continuing operations consists of the following:

	Year ended	
	March 31, 2019	**March 31, 2020**
Current		
Federal tax	$1,175,464	$1,311,553
State and local tax	108,589	24,341
Other Interest & Penalties	31,094	-
	1,315,147	1,335,894
Adjustment in respect of prior year WHT	-	440,711
Adjustment in respect of prior year current tax	70,698	(165,768)
	1,385,845	1,610,837
Deferred		
Deferred tax for the current year	(357,994)	273,318
	(357,994)	273,318
Adjustment in respect of prior year deferred tax	(35,871)	568,082
	(393,865)	841,401
Total tax expense	**$991,980**	**$2,452,238**

Significant components of activities that gave rise to deferred tax assets and liabilities included in the financial statements are as follows:

	March 31, 2019	March 31, 2020
Deferred tax assets:		
Employee accruals	$287,046	$265,201
Doubtful debts	165,098	64,558
Stock based compensation expense	165,846	-
Others	698,792	178,663
Total deferred tax assets	**$1,316,782**	**$508,422**
Deferred tax liabilities:		
Goodwill	(864,032)	(932,576)
Others	(92,429)	(56,926)
Total deferred tax liabilities	**(956,461)**	**(989,502)**
Net deferred tax (liability)/assets	**$360,321**	**($481,080)**
Deferred tax asset, non-current	$1,316,782	$508,422
Deferred tax liability, non-current	$(956,461)	$(989,502)

No valuation allowance is provided on deferred tax assets. Management believes that the realization of the deferred tax assets is more likely than not based on the expectation that the Company will generate the necessary taxable income in future periods.

The reported income tax expense attributable to income from continuing operations differed from amounts computed by applying the enacted tax rate to income from continuing operations before income-taxes as a result of the following:

	Year ended	
	March 31, 2019	March 31, 2020
Profit before income taxes	$1,946,617	$1,719,469
Weighted average enacted tax rate in US	23.44%	24.17%
Computed expected income tax	$456,369	$415,596
Effect of :		
Permanent differences	8,550	3,763
True up of previous years	34,827	402,315
Provision for withholding tax	-	440,711
Beat tax	461,140	1,189,292
Others	31,094	560
Reported income tax expense	**$991,980**	**$2,452,237**
Effective tax rate	**50.95%**	**142.62%**

21. SUBSEQUENT EVENTS

The Company evaluated subsequent events from the balance sheet date through September 7, the date at which the financial statements were available to be issued, and determined that there are no items to disclose.