

Jash USA, Inc. and subsidiary

Consolidated Financial Statements

March 31, 2022 and March 31, 2021

KNAV P.A.

Certified Public Accountants

One Lakeside Commons, Suite 850,
990 Hammond Drive NE, Atlanta, GA 30328



America Counts on CPAs

Table of Contents

Independent Auditor's Report.....	3
Consolidated Financial Statements.....	5
<i>Consolidated balance sheets.....</i>	<i>6</i>
<i>Consolidated statements of income (loss)</i>	<i>8</i>
<i>Consolidated statements of cash flows.....</i>	<i>9</i>
<i>Consolidated statements of changes in equity.....</i>	<i>11</i>
Notes to Consolidated Financial Statements	12



Independent Auditor's Report

To the shareholder
Jash USA, Inc. and subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Jash USA, Inc. and subsidiary ('the Company'), which comprise the consolidated balance sheets as of March 31, 2022, and March 31, 2021, and the related consolidated statements of income (loss), cash flows and changes in equity for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2022, and March 31, 2021, and the consolidated results of its operations and its cash flows for the years then ended in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and disclosure and presentation requirements of Jash Engineering Limited ('the Group') as contained in the Component Reporting Package.

Basis of opinion

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

Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act read with relevant rules issued thereunder and disclosure and presentation requirement of the Group as contained in the Component Reporting Package; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

KNAV P.A.

Certified Public Accountants

One Lakeside Commons, Suite 850, 990 Hammond Drive NE, Atlanta, GA 30328 T 1 678 584 1200 F 1 770 676 6082 E admin@knavcpa.com
2022-144-US



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

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

- Exercise professional judgment and maintain professional scepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Limitation on use and distribution

This report is provided solely for the information and to assist in reporting of the consolidated financial results of the Group for the years ended March 31, 2022, and March 31, 2021 and should not be used by, or distributed to, anyone for any other purpose.

KNAV P.A.

Atlanta, Georgia
May 25, 2022

KNAV P.A.

Certified Public Accountants

One Lakeside Commons, Suite 850, 990 Hammond Drive NE, Atlanta, GA 30328 T 1 678 584 1200 F 1 770 676 6082 E admin@knavecpa.com
2022-144-US

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

Consolidated Financial Statements

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

Consolidated balance sheets

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

Consolidated balance sheets		As at	
(All amounts in United states Dollar, unless otherwise stated)		Notes	<div>March 31, 2022</div> <div>March 31, 2021</div>
ASSETS			
Non-current assets			
Property and equipment, net	4	766,383	698,991
Right to use asset	27	102,618	148,230
Capital work-in-progress	4	-	35,000
Intangible assets	6	725,000	870,000
Deferred tax assets (net)	26	283,950	-
Other non-current assets	11	8,470	7,824
Total non-current assets		1,886,421	1,760,045
Current assets			
Inventories	8	2,523,730	2,610,404
Financial assets			
- Trade receivables	9	6,699,680	5,031,243
- Cash and cash equivalents	10	355,505	461,284
Other current assets	11	148,309	424,919
Total current assets		9,727,224	8,527,850
Non-current asset classified as held for sale	5	1,050,000	1,050,000
Total assets		12,663,645	11,337,895

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

Consolidated balance sheets (continued)

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

Consolidated balance sheets (continued)		As at	
(All amounts in United states Dollar, unless otherwise stated)		March 31, 2022	March 31, 2021
Notes			
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	7,412,648	4,912,648
Other equity	13	(3,463,541)	(4,103,230)
Total equity		3,949,107	809,418
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Borrowings	14	500,000	500,000
- Lease liability	27	47,951	125,937
Total non-current liabilities		547,951	625,937
Current liabilities			
Financial liabilities			
- Trade payables	15	7,125,559	8,262,992
- Lease liability	27	66,720	32,284
Provisions	16	118,930	180,058
Other current liabilities	17	855,378	1,427,206
Total current liabilities		8,166,587	9,902,540
Total equity and liabilities		12,663,645	11,337,895

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

For KNAV P.A.
Certified Public Accountants
KNAV P.A.

KNAV P.A.
Place: Atlanta, Georgia
Date: May 25, 2022

For and on behalf of the Board of Directors
Jash USA, Inc. and subsidiary

Pratik Patel
Director
Date: May 25, 2022
Place: Indore



Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

Consolidated statements of income (loss)

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

Consolidated statements of income (loss)		For the year ended	
(All amounts in United States Dollar, unless otherwise stated)		March 31, 2022	March 31, 2021
Income			
Revenue from operations	18	17,741,489	13,996,743
Other income	19	41,241	42,057
Total income		17,782,730	14,038,800
Expenses			
Cost of materials consumed	20	9,767,056	9,591,021
Changes in inventories of finished goods, work in progress and stock in trade	21	428,259	(747,746)
Employee benefits expense	22	3,535,536	2,862,679
Finance cost	24	72,679	95,236
Depreciation and amortization expense	23	413,412	358,913
Other expenses	25	3,204,349	1,880,250
Total expenses		17,421,291	14,040,353
Income (loss) before tax		361,439	(1,553)
Income tax (benefit) expense			
Current tax expense	26	9,124	4,162
Deferred tax benefit	26	(283,950)	-
Total income tax (benefit) expense		(274,826)	4,162
Net income (loss) for the year		636,265	(5,715)
Income (loss) per equity share (par value USD 10 each):	28		
Basic		34.39	(0.31)
Diluted		34.39	(0.31)

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

For KNAV P.A.
Certified Public Accountants
KNAV P.A.

KNAV P.A.
Place: Atlanta, Georgia
Date: May 25, 2022

For and on behalf of the Board of Directors
Jash USA, Inc. and subsidiary

Pratik Patel
Director
Date: May 25, 2022
Place: Indore



Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

Consolidated statements of cash flow

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

For the year ended

March 31, 2022 March 31, 2021

Cash flow from operating activities

Income (loss) before income tax

361,439 (1,553)

Adjustments for

Depreciation and amortization expense

413,412 358,913

Impairment loss recognized (reversed) under expected credit loss model

161,897 (106,224)

Write off of capital work in progress

35,000 -

Employee share-based payment expenses

3,424 5,961

Net (gain) loss arising on financial assets mandatorily measured at fair value through profit or loss

(646) 592

Finance costs recognized in profit or loss

64,373 87,726

Changes in operating assets and liabilities

Increase in trade receivables

(1,830,334) (1,356,854)

Decrease (increase) in other current assets

276,610 (214,774)

Increase in other assets

- (1,186)

Decrease (increase) in inventories

86,674 (1,290,270)

(Decrease) increase in other current liabilities

(627,009) 560,899

(Decrease) increase in trade payables

(1,137,432) 465,884

(Decrease) increase in provisions

(61,128) 30,102

Cash used in operations

(2,253,720) (1,460,784)

Income taxes paid

(7,584) (3,200)

Net cash used in operating activities

(2,261,304) (1,463,984)

Cash flows from investing activities

Purchase of property and equipment

(290,192) (81,385)

Net cash used in investing activities

(290,192) (81,385)

Cash flows from financing activities

Proceeds from issue of equity instruments of the Company

2,500,000 2,475,000

Repayment of long-term borrowings

- (700,758)

Repayment of lease liability

(54,283) (53,505)

Interest paid

- (12,845)

Net cash provided by financing activities

2,445,717 1,707,892

Net (decrease) increase in cash and cash equivalents

(105,779) 162,523

Cash and cash equivalents at the beginning of the year

461,284 298,761

Cash and cash equivalents at the end of the year

355,505 461,284

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

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

For KNAV P.A.
Certified Public Accountants
KNAV P.A.

KNAV P.A.
Place: Atlanta, Georgia
Date: May 25, 2022

For and on behalf of the Board of Directors
Jash USA, Inc. and subsidiary

Pratik Patel
Director
Date: May 25, 2022
Place: Indore



Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

Consolidated statements 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, 2020	2,437,648	(4,104,279)	803	(4,103,476)	(1,665,828)
Additional paid-up capital	2,475,000	-	-	-	2,475,000
Loss for the year	-	(5,715)	-	(5,715)	(5,715)
Stock-based compensation expense	-	-	5,961	5,961	5,961
Balance as at March 31, 2021	4,912,648	(4,109,994)	6,764	(4,103,230)	809,418
Balance as at April 01, 2021	4,912,648	(4,109,994)	6,764	(4,103,230)	809,418
Additional paid-up capital	2,500,000	-	-	-	2,500,000
Income for the year	-	636,265	-	636,265	636,265
Stock-based compensation expense	-	-	3,424	3,424	3,424
Balance as at March 31, 2022	7,412,648	(3,473,729)	10,188	(3,463,541)	3,949,107

*Employee stock option plan

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

For KNAV P.A.
Certified Public Accountants
KNAV P.A.

KNAV P.A.
Place: Atlanta, Georgia
Date: May 25, 2022

For and on behalf of the Board of Directors
Jash USA, Inc. and subsidiary

Pratik Patel
Director
Date: May 25, 2022
Place: Indore



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 and Jash USA, Inc. are engaged in manufacture and trading of measuring tools, machine tools, water control gates and iron castings. Additionally, Jash USA, Inc. markets and trades these products in the United States for JEL.

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 and disclosure and presentation requirement of JEL as contained in the Component Reporting Package. 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.

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 consolidated 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, 2022, and March 31, 2021. 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

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

lives of property, plant and equipment, revenue recognition, valuation of inventory, impairment of financial assets and intangible 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) Liquidity

The Company has negative cash flows from operations for the year ended March 31, 2022, and accumulated losses of \$3,463,541 as on March 31, 2022. The Company believes that cash flow from operations and borrowings from Parent Company will be sufficient to meet the Company's current anticipated cash needs for at least the next twelve months, including working capital needs and various contractual obligations. However, there is no assurance that cash balances and borrowings from Parent Company will be sufficient, and it is possible that the Company may require additional cash resources. If these current cash resources are insufficient to satisfy the Company's cash requirements, the Company may obtain additional equity financing from Parent Company. In addition, there can be no assurance that additional financing will be available on acceptable terms, if at all.

(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.

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

(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 Act. 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. Scrap items, when determined, are valued at estimated 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

Cash and cash equivalents include 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.

c. Revenue recognition

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

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

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

These assets are old and used acquired pursuant to prior business combination. Accordingly, 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 the consolidated statements of 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

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

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 sheets.

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 the consolidated statements of 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 consolidated statements 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.

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

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 statements 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 statements 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 the consolidated statements of profit or loss as other gains (losses).

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

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 sheets.

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

The Company has adopted Ind AS 116 "Leases". 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'.

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

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 statements of profit and loss on a straight-line basis over the lease term.

m. 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.

n. Earnings per share

In determining earnings per share, the Company considers the net income (loss) 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.

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

o. 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.

(This space has been intentionally left blank)

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

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, 2020	48,428	14,250	432,878	38,530	559,131	1,093,217	35,000
Additions	51,019	4,900	25,465	-	-	81,385	-
March 31, 2021	99,447	19,150	458,343	38,530	559,131	1,174,602	35,000
Additions	1,722	9,609	278,861	-	-	290,192	-
Write off	-	-	-	-	-	-	(35,000)
March 31, 2022	101,169	28,759	737,204	38,530	559,131	1,464,794	-
Accumulated depreciation as at							
April 01, 2020	33,691	8,670	144,903	22,194	97,851	307,309	-
Depreciation	16,906	4,521	83,317	7,644	55,914	168,302	-
March 31, 2021	50,597	13,191	228,220	29,838	153,765	475,611	-
Depreciation	24,809	7,162	126,454	8,462	55,913	222,800	-
March 31, 2022	75,406	20,353	354,674	38,300	209,678	698,411	-
Net block as at							
March 31, 2021	48,850	5,959	230,123	8,692	405,366	698,991	35,000
March 31, 2022	25,763	8,406	382,530	230	349,453	766,383	-

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

5. ASSETS HELD FOR SALE

	Land and factory shed* (\$)	Plant and machinery (\$)	Total
Tangible assets held for sale			
Balance as at April 1, 2020	1,050,000	-	1,050,000
-Dispositions	-	-	-
-Revaluation adjustment	-	-	-
-Transfer to tangible asset	-	-	-
-Profit on sale	-	-	-
Balance as at March 31, 2021	1,050,000	-	1,050,000
-Additions	-	-	-
-Dispositions	-	-	-
Revaluation adjustment	-	-	-
Balance as at March 31, 2022	1,050,000	-	1,050,000

*After the acquisition of land and factory shed, 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, 2020	1,450,000	1,450,000
Additions	-	-
Disposal	-	-
Balance as at March 31, 2021	1,450,000	1,450,000
Additions	-	-
Disposal	-	-
Balance as at March 31, 2022	1,450,000	1,450,000
Accumulated amortization		
Balance as at April 01, 2020	435,000	435,000
Amortization	145,000	145,000
Balance as at March 31, 2021	580,000	580,000
Amortization	145,000	145,000
Balance as at March 31, 2022	725,000	725,000
Net block as at March 31, 2022	725,000	725,000
Net block as at March 31, 2021	870,000	870,000

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

8. INVENTORIES

	As at	
	March 31, 2022	March 31, 2021
Raw materials	1,006,082	664,497
Work-in-progress	65,150	446,343
Finished goods	803,134	579,830
Stock-in-trade	607,364	919,734
Packing materials, stores & spares	42,000	-
Total	\$ 2,523,730	2,610,404

9. TRADE RECEIVABLES

	As at	
	March 31, 2022	March 31, 2021
Unsecured and considered good		
- From related parties	185,586	20,420
- From others	6,514,094	5,010,823
Doubtful		
- From others	274,740	274,976
Less: allowance for expected credit losses	(274,740)	(274,976)
Total	\$ 6,699,680	5,031,243
Current portion	6,699,680	5,031,243
Total	\$ 6,699,680	5,031,243

Movement in expected credit loss allowance:

	Year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	274,976	381,200
Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	220,124	204,455
Total gross allowances for expected credit losses	495,100	585,655
Less: reversal of expected credit losses (bad debts recovery)	(58,227)	(310,679)
Less : bad debts written off	(162,133)	-
Balance at the end of the year	274,740	274,976

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 28.

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

Particulars	March 31, 2022							Total
	Unbilled	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Unsecured								
(i) Undisputed trade receivables – considered good	-	3,355,774	2,859,596	209,570	-	-	-	6,424,940
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	50,849	38,412	40,227	145,252	-	274,740
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-	-
Total	-	3,355,774	2,910,445	247,982	40,227	145,252	-	6,699,680

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

Particulars	March 31, 2021							Total
	Unbilled	Not due	Less than 6 months	Outstanding from due date of payment				
				6 months -1 year	1-2 years	2-3 years	More than 3 years	
Unsecured								
(i) Undisputed Trade receivables – considered good	-	4,037,094	515,774	203,399	-	-	-	4,756,267
(ii) Undisputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables –credit impaired	-	-	11,592	13,673	227,969	21,742	-	274,976
(iv) Disputed Trade Reccivables–considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Total	-	4,037,094	527,366	217,072	227,969	21,742	-	5,031,243

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

10. CASH AND CASH EQUIVALENTS

	As at	
	March 31, 2022	March 31, 2021
Cash and cash equivalents		
Balances with banks:		
<i>In current accounts</i>	317,400	461,284
Prepaid card balance	38,105	-
Total	\$ 355,505	461,284

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

11. OTHER ASSETS

	As at	
	March 31, 2022	March 31, 2021
Other non-current assets		
Advances other than capital advances		-
- Security deposit	8,470	7,824
	8,470	7,824
Other current assets		
Advance to employees	18,338	10,000
Advances other than capital advances		
- Security deposit	91,037	114,499
Other advances	38,934	300,420
Total	148,309	424,919

12. EQUITY SHARE CAPITAL

	As at	
	March 31, 2022	March 31, 2021
<u>Authorized capital</u>		
Equity share capital		
18,500 equity shares of USD 10 par value	185,000	185,000
Total	185,000	185,000
Issued, subscribed, and fully paid up		
18,500 equity shares of USD 10 each fully paid	185,000	185,000
Additional paid in capital	7,227,648	4,727,648
Total	7,412,648	4,912,648

12.1. 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.

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

Reconciliation of number of ordinary equity shares and amount outstanding:

	As at			
	March 31, 2022		March 31, 2021	
	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
Issued during the year	-	-	-	-
Balance as at the end of the year Capital	18,500	185,000	18,500	185,000

12.2. Shares held by the Parent Company

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

	As at			
	March 31, 2022		March 31, 2021	
	Number	Amount	Number	Amount
Jash Engineering Limited				
Equity shares of USD 10 each fully paid	18,500	185,000	18,500	185,000

12.3. Disclosure of shareholders holding more than 5% of the equity share capital

	As at			
	March 31, 2022		March 31, 2021	
	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

13. OTHER EQUITY

	As at	
	March 31, 2022	March 31, 2021
Other equity		
Retained earnings	(3,473,729)	(4,109,994)
ESOP reserve	10,188	6,764
Total other equity	(3,463,541)	(4,103,230)
Retained earnings		
Opening balance	(4,109,994)	(4,104,279)
Net income (loss) for the year	636,265	(5,715)
Closing balance	\$ (3,473,729)	(4,109,994)

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

14. BORROWINGS

Non-current borrowings

	As at	
	March 31, 2022	March 31, 2021
Unsecured		
Jash Engineering Limited	500,000	500,000
Total non-current borrowings	\$ 500,000	500,000

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. The loans are entirely guaranteed by Jash Engineering Ltd. These loans bear an interest of prevailing 6-month LIBOR+2.5% (average interest rate for the year ended March 31, 2021: 4.45%). These loans were payable in 42 months from the date of borrowing.

During the year ended March 31, 2021, the Company fully repaid outstanding amount of \$700,758, towards principal amount and the interest expense recorded towards the loans amounted to \$12,845.

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. This loan bears an interest of 8%. The loan was originally obtained for a period for 2 years, however, the same could be extended at the demand of the Company. As at the year ended March 31, 2022, entire amount of \$500,000 is outstanding and during the year the Company has recorded an interest expense of \$53,640 (March 31, 2021: 49,667).

Net debt reconciliation:

Particulars	As at	
	March 31, 2022	March 31, 2021
Cash and cash equivalents	355,505	461,284
Non-current borrowings	(724,138)	(670,498)
Net debt	\$ (368,663)	(209,214)

	Cash and cash equivalents	Borrowings
Net debt as at April 01, 2020	298,761	(1,321,589)
Cash flows	162,523	700,758
Interest expense	-	(62,512)
Interest paid	-	12,845
Net debt as at March 31, 2021	461,284	(670,498)
Cash flows	(105,779)	-
Interest expense	-	(53,640)
Net debt as at March 31, 2022	355,505	(724,138)

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

15. TRADE PAYABLES

	As at	
	March 31, 2022	March 31, 2021
Trade payable	417,394	1,278,458
Trade payable due to related party	6,708,165	6,984,534
Total	\$ 7,125,559	8,262,992

Particulars	March 31, 2022						Total
	Unbilled	Not due	Outstanding from due date of payment				
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	3,742,662	3,339,416	-	43,481	-	7,125,559
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-
Total	-	3,742,662	3,339,416	-	43,481	-	7,125,559

Particulars	March 31, 2021						Total
	Unbilled	Not due	Outstanding from due date of payment				
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	4,352,862	3,151,226	373,651	385,253	-	8,262,992
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-
Total	-	4,352,862	3,151,226	373,651	385,253	-	8,262,992

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

16. PROVISIONS

	As at	
	March 31, 2022	March 31, 2021
Provision for employee benefits	118,930	180,058
Total	\$ 118,930	180,058

17. OTHER CURRENT LIABILITIES

	As at	
	March 31, 2022	March 31, 2021
Advance received from customers	538,045	1,095,380
Other payables	85,181	154,854
Provision for taxes	8,014	6,474
Interest payable	224,138	170,498
Total	\$ 855,378	1,427,206

18. REVENUE FROM OPERATIONS

Disaggregated revenue information

The table below presents disaggregated revenue from contracts with customers for the year ended March 2022 and March 31, 2021. 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, 2022	March 31, 2021
Revenue from sale of products	17,656,502	13,903,088
Revenue from sale of services	84,988	93,655
Total	\$ 17,741,489	13,996,743

	For the year ended	
	March 31, 2022	March 31, 2021
Timing of revenue recognition		
Revenue recognized at a point in time	17,741,489	13,996,743
Total	\$ 17,741,489	13,996,743

Contract balances

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

	March 31, 2022	March 31, 2021
Contract asset		
Trade receivables (<i>refer note 9</i>)	6,699,680	5,031,243
Contract liabilities		
Deferred revenue (<i>refer note 17</i>)	538,045	1,095,380

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.

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

Right of return assets and liabilities

The Company does not have any right of return assets and liabilities as at March 31, 2022 and March 31, 2021.

Performance obligation

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

19. OTHER INCOME

	For the year ended	
	March 31, 2022	March 31, 2021
Rental income	7,083	-
Others	34,158	42,057
\$	41,241	42,057

20. COST OF MATERIAL CONSUMED

	For the year ended	
	March 31, 2022	March 31, 2021
Opening balance of raw materials	664,497	121,973
Purchases of goods	9,011,449	9,299,694
Other expenses	1,097,192	833,851
Closing balance of raw materials	(1,006,082)	(664,497)
Total cost of material consumed	\$ 9,767,056	9,591,021

21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

	For the year ended	
	March 31, 2022	March 31, 2021
Opening stock		
Work-in-progress	446,343	604,186
Finished goods	579,829	327,635
Stock-in-trade	919,735	264,114
Packing materials, stores & spares	-	2,226
Total opening	\$ 1,945,907	1,198,161
Closing stock		
Work-in-progress	65,150	446,343
Finished goods	803,134	579,830
Stock-in-trade	607,364	919,734
Packing materials, stores & spares	42,000	-
Total closing	\$ 1,517,648	1,945,907
Total change in stock-in-trade	\$ 428,259	(747,746)

22. EMPLOYEE BENEFITS EXPENSE

	For the year ended	
	March 31, 2022	March 31, 2021
Salaries, wages, and bonus	3,154,973	2,561,384
Defined contributions	62,803	57,562
Medical benefits	100,922	104,878

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

Staff welfare expenses encashment	213,414	132,864
Employee share-based payment expenses	3,424	5,991
Total	\$ 3,535,536	2,862,679

23. DEPRECIATION AND AMORTIZATION EXPENSE

	For the year ended	
	March 31, 2022	March 31, 2021
Depreciation expenses (<i>refer note 4</i>)	222,800	168,302
Amortization expenses	190,612	190,611
Total	\$ 413,412	358,913

Amortization expenses pertaining to right-to-use asset and fair value of security deposit for the year ended March 31, 2022, amounts to \$44,966 and \$44,971, respectively (*refer note 27*). Amortization expenses pertaining to trademark for the year ended March 31, 2022, and March 31, 2021, amount to \$145,000 and \$145,000, respectively (*refer note 6*). Amortization expense also includes amortization expense pertaining to security deposit per Ind AS 116 amounting to \$646 and \$640 for March 31, 2022, and March 31, 2021, respectively.

24. FINANCE COST

	For the year ended	
	March 31, 2022	March 31, 2021
Interest	53,640	62,512
Bank charges	8,306	7,510
Interest on lease liability (<i>refer note 27</i>)	10,733	25,214
Total	\$ 72,679	95,236

25. OTHER EXPENSES

	For the year ended	
	March 31, 2022	March 31, 2021
Advertising and marketing	51,983	13,594
Auditor's remuneration	58,113	49,372
Impairment loss (reversed) recognized under expected credit loss model, net (<i>refer note 8</i>)	161,897	(106,224)
Commission	689,422	422,555
Communication expenses	41,707	44,460
Freight and transportation	985,505	494,381
Insurance	216,482	107,143
Labour, re-work, job charges	56,225	41,674
Legal and professional expenses	161,577	125,991
Office expense	59,100	55,997
Rates and taxes	121,136	52,067
Rent	-	111
Repairs and maintenance	76,915	213,081
Software related expenses	63,773	68,085
Travelling and conveyance	93,519	12,132
Utility charges (electricity, water, heating etc)	250,737	205,090
Miscellaneous expenses	116,258	80,741
Total	\$ 3,204,349	1,880,250

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

A. PAYMENT TO AUDITORS

	For the year ended	
	March 31, 2022	March 31, 2021
As auditors		
Audit fee	17,500	15,000
Interim review services	13,500	10,500
In other capacity		
Taxation matters	26,875	23,587
Reimbursement of expenses	238	285
Total	\$ 58,113	49,372

26. INCOME TAX EXPENSE

Tax expense

a) *Amounts recognized in statement of income (loss)*

	For the year ended	
	March 31, 2022	March 31, 2021
Current tax expense	9,124	4,162
Deferred tax benefit	(283,950)	-
Tax (benefit) expense for the year	(274,826)	4,162

b) *Reconciliation of effective tax rate*

	Year ended	
	March 31, 2022	March 31, 2021
Loss before tax	361,439	(1,553)
Income tax expense calculated at 21%	75,901	(326)
Tax effect of:		
Permanent differences	(913)	1,542
State tax	6,171	5,093
State tax true-up	1,312	(2,285)
Deferred tax-true up	-	715
State deferred tax impact	7,361	(993)
Change in net operating losses (NOL)	16	(757)
Effect of current year (income) losses for which no deferred tax asset is recognized	(364,674)	1,173
Income tax (benefit) expense recognized in income (loss) from continuing operations	(274,826)	4,162

The tax rate used for years ended March 31, 2022, and March 31, 2021, reconciliation above is the corporate federal tax rate of 21% payable by corporate entities in US on taxable profits under US Tax Laws.

Based on the recent history of profitability and future profitability projections, the management believes that the deferred tax assets will be realized during the foreseeable future. However, considering the prior year losses, the management has taken a prudent approach to partially recognize deferred tax asset equal to one third (1/3) of the total deferred tax asset. Accordingly, a net deferred tax asset of \$283,950 has been recognized as on March 31, 2022.

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

The Company has net operating loss carryforwards of \$2,994,143 and \$ 3,282,141 as at March 31, 2022 and March 31, 2021 respectively at federal level, which if unutilized will begin to expire from the tax year 2032. The NOLs of \$1,230,650 generated from the year 2018-19 onwards can be carried forward indefinitely.

The net operating loss carryforwards at state level are \$1,021,698 and \$1,195,079 as at March 31, 2022 and March 31, 2021 which if unutilized will expire based on the statute of the states.

c) Movement in deferred tax assets

Particulars	For the year ended March 31, 2022		
	Opening balance as at April 01, 2021	Recognized in consolidated statements of income (loss)	Closing balance as at March 31, 2022
Tax effect of items constituting deferred tax liability			
Property and equipment	(32,088)	(22,806)	(54,894)
	(32,088)	(22,806)	(54,894)
Tax effect of items constituting deferred tax assets			
Leases - Ind AS 116	3,273	505	3,778
Allowance for expected credit losses	68,551	(238)	68,313
Revaluation loss	27,729	(73)	27,656
Intangibles	48,198	11,891	60,089
Stock options expenses	1,686	847	2,533
Deferred revenue	19,056	(19,056)	-
Disallowed interest	42,506	13,227	55,731
NOL's	753,664	(65,018)	688,645
	964,663	(57,918)	906,745
Deferred tax assets not recognised	(932,575)	364,674	(567,901)
Net deferred tax asset	-	283,950	283,950

Particulars	For the year ended March 31, 2021		
	Opening balance as at April 01, 2020	Recognized in profit and loss	Closing balance as at March 31, 2021
Tax effect of items constituting deferred tax liability			
Property and equipment	(44,060)	11,972	(32,088)
	(44,060)	11,972	(32,088)
Lease - Ind AS 116	(1,006)	4,279	3,273
Tax effect of items constituting deferred tax assets			
Allowance for expected credit losses	91,525	(22,974)	68,551
Revaluation loss	26,705	1,024	27,729

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

Intangibles	34,814	13,384	48,198
Unrealized forex loss	818	(818)	-
Stock options expenses	193	1,493	1,686
Deferred revenue	-	19,056	19,056
Disallowed interest	29,011	13,495	42,506
NOLs	793,402	(39,738)	753,664
	975,462	(10,799)	964,663
Deferred tax assets not recognised	(931,402)	(1,173)	(932,575)
Net deferred tax asset	-	-	-

27. LEASES

Maturity analysis of lease liabilities– contractual undiscounted cash flows for the year ended March 31, 2022:

	As at March 31, 2022
Within one year	55,061
Later than one year but not more than 5 years	69,848
Total undiscounted lease liabilities at March 31, 2022	124,909
Less: amount representing interest	(10,238)
Discounted lease liabilities included in the statement of financial position at March 31, 2022	\$ 114,671
Current	66,720
Non-current	47,951
	114,671

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, 2022, and March 31, 2021:

	Office premises	Total
Gross block		
Balance as at April 01, 2020	224,855	224,855
Additions	-	-
Balance as at March 31, 2021	224,855	224,855
Additions	-	-
Balance as at March 31, 2022	224,855	224,855
Accumulated amortization		
Balance as at April 01, 2020	33,728	33,728
Amortization	44,971	44,971
Balance as at March 31, 2021	78,699	78,699
Amortization	44,966	44,971
Balance as at March 31, 2022	123,665	123,670
Net block as at March 31, 2022	101,190	101,185
Net block as at March 31, 2021	148,871	148,871

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

The following are the amounts recognized in the consolidated statements of profit or loss:

	Year ended March 31, 2022	Year ended March 31, 2021
Amortization expense of right-of-use assets	44,966	44,971
Interest expense on lease liabilities	10,733	25,214
Total	\$ 55,699	70,185

28. 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 ("JEL") – Parent Company

Key Management Personnel

Mr. Ranjit Nair- President

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

Transactions	For the year ended	
	March 31, 2022	March 31, 2021
Purchases during the year	5,835,219	5,274,755
Back charges to JEL	249,145	629,649
Fixed asset purchased during the year	175,000	-
Sales made during the period	-	18,386
Interest accrued on loan	53,640	49,667
Received additional paid in capital	2,500,000	2,475,000
Expense incurred on behalf of JEL	-	-
Remuneration of Ranjit Nair	498,154	291,534
Balances	As at	
	March 31, 2022	March 31, 2021
Payable to Parent Company	6,708,165	6,984,534
Receivable from Parent Company	185,586	20,420
Loan payable	500,000	500,000
Interest payable	224,138	170,498

Additionally, the Parent Company had provided guarantee towards the loans obtained from HDFC Bank, Bahrain, which were fully repaid during the year ended March 31, 2021

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

29. INCOME (LOSS) PER SHARE

Income (loss) per share is calculated by dividing the net income (loss) attributable to the equity shareholders by the average number of equity shares outstanding during the year. Numbers used for calculating basic and diluted income(loss) per equity share are as stated below:

	For the year ended	
	March 31, 2022	March 31, 2021
Net income (loss) after tax	636,265	(5,715)
Weighted average number of equity shares outstanding during the year	18,500	18,500
Income (loss) per share	\$ 34.39	(0.31)

30. 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.

31. 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 31% of total sales for the year ended March 31, 2022, and four customers accounted for approximately 38% of total sales for the year ended March 31, 2021. Four customers accounted for more than 41% of trade receivables as at March 31, 2022 and four customers accounted for more than 67% of trade receivables as at March 31, 2021.

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

March 31, 2022			
Age category	Balances at reporting date	Adjusted loss rate	Expected credit loss allowance
0-30	4,878,014	0.5%	24,390
31-60	301,734	0.55%	1,703
61-90	995,401	0.75%	7,446
91-120	177,541	10%	17,754
121-180	188,270	45%	84,721

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

181-360	247,981	70%	173,587
More than 360	185,479	100%	185,479
			495,100

March 31, 2021			
Age category	Balances at reporting date	Adjusted loss rate	Expected credit loss allowance
0-30	4,312,070	0.50%	21,560
31-60	86,131	1.00%	861
61-90	189,490	1.00%	1,894
91-120	26,008	13.00%	3,396
121-180	225,734	50.00%	112,866
181-360	217,075	90.00%	195,367
More than 360	249,711	100.00%	249,711
			585,655

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. 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	More than 1		Total
	Up to 1 year	year	
As at			
March 31, 2022			
Borrowings	-	724,138	724,138
Lease liability	66,720	47,951	114,671
Total	66,720	772,089	838,809
As at			
March 31, 2021			
Borrowings	-	670,498	670,498
Lease liability	32,284	125,937	158,221
Total	\$ 32,284	796,435	828,719

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

Since the Company has no variable interest rate borrowings, the Company is not significantly exposed to interest rate risk.

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

e. Impact of pandemic

The effects of coronavirus (COVID) and the related actions of governments and other authorities to contain COVID continue to affect the Company's operations, results, cash flows, and forecasts. The future financial effects of COVID are unknown due to many factors. 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.

32. 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.

Particulars	As at	
	March 31, 2022	March 31, 2021
Loans and borrowings	724,138	670,498
Less: cash and cash equivalents	355,505	461,284
Net debt (A)	368,633	209,214
Equity	3,949,107	809,418
Capital and net debt (B)	3,949,107	809,418
Adjusted net debt to equity ratio (A/B)	\$ (0.09)	(0.26)

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 \$3,424 and \$5,961 during the year ended March 31, 2022, and March 31, 2021, respectively.

Jash USA, Inc. and subsidiary
Consolidated Financial Statements
March 31, 2022, and March 31, 2021

34. SUBSEQUENT EVENTS

The Company has evaluated subsequent events and transactions that occurred after the consolidated balance sheet date up to May 25, 2022, the date the consolidated financial statements were available to be 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.

For KNAV P.A.
Certified Public Accountants
KNAV P.A.

KNAV P.A.
Place: Atlanta, Georgia
Date: May 25, 2022

For and on behalf of the Board of Directors
Jash USA, Inc. and subsidiary


Pratik Patel
Director
Date: May 25, 2022
Place: Indore
