

# **Global Pet Films, Inc.**

Financial Statements

March 31, 2021 and March 31, 2020

## **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

<b>Independent Auditor's Report .....</b>	<b>3</b>
<b>Financial Statements .....</b>	<b>5</b>
Balance sheets .....	6
Statements of income .....	8
Statement of stockholder's equity .....	10
Statements of cash flows .....	11
<b>Notes to Financial Statements .....</b>	<b>12</b>

## Independent Auditor's Report

To Board of Directors,  
Global Pet Films, Inc.  
Gaithersburg, MD, USA

We have audited the accompanying financial statements of Global Pet Films, Inc. ('the Company'), which comprise the balance sheet as of March 31, 2021, and the related statements of income, stockholders' equity and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Global Pet Films, Inc. as of March 31, 2021 and the results of its operations and its cash flows for the year then ended, in accordance with the accounting principles generally accepted in the United States of America.

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**KNAV P.A.**

**Certified Public Accountants**

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2021-060-US

**Other matter**

The financial statements of the Company as of and for the year ended March 31, 2020 were audited by another auditor whose report, dated May 31, 2020 expressed an unmodified opinion on those financial statements.

KNAV P.A.

Atlanta, Georgia  
April 22, 2021

**Global Pet Films, Inc.**

Financial Statements

March 31, 2021 and March 31, 2020

# Financial Statements

**Global Pet Films, Inc.**

Financial Statements

March 31, 2021 and March 31, 2020

**Balance sheets***(All amounts in United States Dollars, unless otherwise stated)*

	<b>As at March 31, 2021</b>		<b>As at March 31, 2020</b>	
<b>ASSETS</b>				
Cash in Citibank (A/C # 783)	426,588		139,301	
Cash in Citibank (A/C # 796)	5,353		5,353	
Cash in First American Bank (A/C # 2204)	157,476		109,202	
Bank balance in checking account	589,417		253,856	
Cash in First American Bank (A/C # 2218)	1,751,613		286,173	
Bank balance in money market account	1,751,613		286,173	
<b>Cash and cash equivalents</b>	<b>2,341,030</b>	<b>2,341,030</b>	<b>540,029</b>	<b>540,029</b>
Accounts receivable	347,940		2,377,628	
Accounts receivable – related party	280,932		1,606,105	
<b>Total accounts receivable</b>	<b>628,872</b>	<b>628,872</b>	<b>3,983,733</b>	<b>3,983,733</b>
Inventory of finished goods	1,008,148		86	
<b>Total inventories, net</b>	<b>1,008,148</b>	<b>1,008,148</b>	<b>86</b>	<b>86</b>
Deposit for customs clearing	200,000		100,000	
Other current assets	23,095		-	
<b>Total other current assets</b>	<b>223,095</b>	<b>223,095</b>	<b>100,000</b>	<b>100,000</b>
<b>Total current assets</b>	<b>4,201,145</b>		<b>4,623,848</b>	
Computer equipment	3,566		3,566	
Furniture & fixtures	8,624		8,624	
<b>Total property and equipment</b>	<b>12,190</b>		<b>12,190</b>	
Less: accumulated depreciation	(5,913)		(3,081)	
<b>Net fixed assets</b>	<b>6,277</b>	<b>6,277</b>	<b>9,109</b>	<b>9,109</b>
Rental deposit	3,122		2,434	
<b>Total other non-current assets</b>	<b>3,122</b>	<b>3,122</b>	<b>2,434</b>	<b>2,434</b>
<b>Total non-current assets</b>	<b>9,399</b>		<b>11,543</b>	
<b>TOTAL ASSETS</b>	<b>4,210,544</b>		<b>4,635,391</b>	

**Global Pet Films, Inc.**

Financial Statements

March 31, 2021 and March 31, 2020

**Balance sheets***(All amounts in United States Dollars, unless otherwise stated)***LIABILITIES & EQUITY**Accounts payable - inter company

	<b>As at March 31, 2021</b>		<b>As at March 31, 2020</b>	
Garware Polyester Limited		1,360,041		2,318,899
Garware Polyester International Limited (UK)		189,175		233,469
<b>Total accounts payable</b>		<b>1,549,216</b>	<b>1,549,216</b>	<b>2,552,368</b>
Advance from customers		265,849		172,776
Accrued expenses		62,206		155,519
Provision for taxation		58,000		373,000
Other current liabilities		-		11,794
<b>Total accrued expenses and other current liabilities</b>		<b>386,055</b>	<b>386,055</b>	<b>713,089</b>
<b>Total current liabilities</b>		<b>1,935,271</b>		<b>3,265,457</b>
Equity share capital		100,000		100,000
Retained earnings		1,269,934		659,005
Profit for the year		1,305,339		910,929
Dividend paid		(400,000)		(300,000)
<b>Stockholders' equity</b>		<b>2,275,273</b>	<b>2,275,273</b>	<b>1,369,934</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,210,544</b>		<b>4,635,391</b>

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

**Global Pet Films, Inc.**

Financial Statements

March 31, 2021 and March 31, 2020

**Statements of income***(All amounts in United States Dollars, unless otherwise stated)*

	<b>For the year ended March 31, 2021</b>		<b>For the year ended March 31, 2020</b>	
<u>Sales</u>				
Local sales	27,143,784		20,558,753	
Export sales	9,077,575		4,924,890	
Other charges recovered from customers	469,739		249,382	
<b>Total sales</b>	<b>36,691,098</b>		<b>25,733,025</b>	
<u>Cost of goods sold</u>				
Beginning inventory	86		86	
Purchases	31,699,117		21,189,216	
Custom duty and clearing charges	1,824,183		1,209,087	
Local outward freight and forwarding charges	887,877		758,518	
Inward freight charges	171,414		122,019	
Warehouse expenses	36,573		52,091	
Auxiliary purchase cost	2,382		42	
Ending inventory	(1,008,148)		(86)	
<b>Total cost of goods sold</b>	<b>33,613,484</b>		<b>23,330,973</b>	
<b>Gross profit</b>	<b>3,077,614</b>		<b>2,402,052</b>	
<u>Expenses</u>				
Auditor's fees	15,000		21,000	
Bank charges/ credit card charges	160,391		101,407	
Depreciation	2,832		1,687	
Donations	29,000		12,000	
Gross wages and salaries	546,317		475,842	
Insurance expenses	32,218		23,679	
Legal and professional fees	17,978		18,733	
Licenses & fees	-		351	
License fee	-		659	
Management accounting fee	175,000		150,000	
Membership and subscription fees	16,480		1,409	
Office expenses (admin and general expenses)	2,047		4,610	
Office rent	41,521		24,451	
Payroll taxes (FICA and Medicare)	37,115		32,266	
Payroll taxes: SUTA Tax-CA State	-		700	
Payroll taxes: SUTA Tax-MD State	-		1,308	
Payroll taxes: FUTA Tax	-		329	
Postage and delivery	213		66	
Printing and stationary charges	4,452		4,117	
Rates & taxes	599		-	
Repairs & maintenance	-		285	
Sales promotion expense	127,609		143,152	



**Global Pet Films, Inc.**

Financial Statements

March 31, 2021 and March 31, 2020

Telephone expense	20,269		19,250.30	
Travel expense	13,810		80,852	
Travel expense-foreign	1,485		10,330	
<b>Total expenses</b>	<b>1,244,336</b>		<b>1,128,483</b>	
<b>Operating profit</b>	<b>1,833,278</b>	<b>1,833,278</b>	<b>1,273,569</b>	<b>1,273,569</b>
<u>Other income and expenses</u>				
Interest income	1,276		2,371	
Custom duty refunds	-		5,462	
Provision for federal income tax	-		1,967	
Provision for state income tax	-		638	
Provision for federal tax for current year	(362,037)		(253,000)	
Provision for state tax for current year	(167,178)		(120,000)	
Loss on discard of asset (Computer)	-		(78)	
<b>Total other income</b>	<b>(527,939)</b>		<b>(362,640)</b>	
<b>Net income</b>	<b>1,305,339</b>	<b>1,305,339</b>	<b>910,929</b>	<b>910,929</b>

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

**Global Pet Films, Inc.**

Financial Statements

March 31, 2021 and March 31, 2020

**Statement of stockholders' equity**

For the years ended March 31, 2021 and March 31, 2020

*(All amounts are stated in United States Dollars, except number of shares)*

	Common stock authorized, issued & outstanding		Retained earnings	Total Stockholders' equity
	Shares	Value (\$)		
<b>Balance as of April 01, 2019</b>	<b>100,000</b>	<b>100,000</b>	<b>659,005</b>	<b>759,005</b>
Net income for the year	-	-	910,929	910,929
Dividend distribution	-	-	(300,000)	(300,000)
<b>Balance as of March 31, 2020</b>	<b>100,000</b>	<b>100,000</b>	<b>1,269,934</b>	<b>1,369,934</b>
<b>Balance as of April 01, 2020</b>	<b>100,000</b>	<b>100,000</b>	<b>1,269,934</b>	<b>1,369,934</b>
Net income for the year	-	-	1,305,339	1,305,339
Dividend distribution			(400,000)	(400,000)
<b>Balance as of March 31, 2021</b>	<b>100,000</b>	<b>100,000</b>	<b>2,175,273</b>	<b>2,275,273</b>

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

**Global Pet Films, Inc.**

Financial Statements

March 31, 2021 and March 31, 2020

**Statements of cash flows***(All amounts are stated in United States Dollars, unless otherwise stated)*

	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
<b>Cash flow from operating activities</b>		
Net income	1,305,339	910,929
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Depreciation	2,832	1,687
<b>Changes in assets and liabilities</b>		
Accounts receivable, trade	2,029,688	(3,090,862)
Accounts receivable, intercompany	1,325,173	-
Inventories	(1,008,062)	-
Other current assets	(23,095)	-
Deposit with insurance company for customs department	(100,000)	(100,000)
Rent deposit	(688)	(2,434)
Accrued expenses	(105,107)	128,041
Payroll taxes payable	-	11,527
Provision for taxation	(315,000)	69,000
Accounts payable, intercompany	(1,003,152)	2,468,854
Advances from customers	93,073	63,095
<b>Net cash provided by operating activities</b>	<b>2,201,001</b>	<b>459,837</b>
<b>Cash flow from investing activities</b>		
Purchases of assets	-	(10,701)
Sale or discard of assets-net	-	78
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(10,623)</b>
<b>Cash flow from financing activities</b>		
Dividend paid during the year	(400,000)	(300,000)
<b>Net cash used in financing activities</b>	<b>(400,000)</b>	<b>(300,000)</b>
Net increase in cash and cash equivalents	1,801,001	149,214
Cash and cash equivalents at the beginning of the year	540,029	390,815
<b>Cash and cash equivalents at the end of the year</b>	<b>2,341,030</b>	<b>540,029</b>
<b>Supplementary cash flow information</b>		
Income taxes paid	471,216	-

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

## **Global Pet Films, Inc.**

Financial Statements

March 31, 2021 and March 31, 2020

# **Notes to Financial Statements**

## **NOTE A - NATURE OF OPERATIONS**

Global Pet Films, Inc. (“the Company”) was incorporated on December 22, 1997 under the laws of State of Illinois, USA and is also registered with State of Florida and State of Maryland, USA. The Company is engaged in the business of supply and distribution of polyester and solar control films in USA. The Company has its place of business in Gaithersburg, Maryland USA. The Company is a subsidiary of Garware Polyester International Limited, a United Kingdom company

## **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. The significant accounting policies are detailed below:

### *1. Basis of presentation*

- a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (“US GAAP”) to reflect the financial position, results of operations and cash flows of the Company.
- b. The financial statements are presented for the years ended March 31, 2021 and March 31, 2020. All amounts are stated in United States Dollars, unless specified otherwise.

### *2. Use of estimates*

The preparation of financial statements in conformity with US GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for determination of useful lives for equipment, provision for doubtful debts, inventory valuation and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Revisions in accounting estimates are recognized prospectively in the current and future periods.

### *3. Cash and cash equivalents*

The Company considers all short-term, highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit and money market accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

### *4. Revenue recognition*

The Company adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) as of the date of incorporation i.e; April 01, 2020.

## **Global Pet Films, Inc.**

Financial Statements

March 31, 2021 and March 31, 2020

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Company's products or services. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

The Company's contracts with customers are comprised of purchase orders along with standard terms and conditions. These contracts with customers typically consist of sale of products which represent single performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time. Revenue from sale of goods is shown net of provisions for estimated sales returns, consumer and trade promotions, rebates, cash discounts, promotional reserve, and other deductions. Provisions for rebates to customers are provided in the same period that the sales are recorded. Shipping and handling activities are considered to be fulfillment activities and are not considered to be a separate performance obligation.

### *5. Allowance for doubtful accounts*

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of their customers to make required payments. Management analyzes accounts receivables and the composition of the accounts receivables aging, historical bad debts, current economic trends, and customer credit worthiness when evaluating the adequacy of the allowance for doubtful accounts.

### *6. Inventories*

Inventories are stated at the lower of cost and market (net realizable) value. Cost is determined using the First-in First-Out (FIFO) method.

A write down of inventory to the lower of cost or market value at the close of a fiscal period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances.

Inventories are reviewed on a periodic basis for identification and write-off of slow moving, obsolete and impaired inventory. Such write-downs, if any, are included in cost of goods sold.

### *7. Property, and equipment and depreciation*

Property, and equipment are stated at cost less accumulated depreciation. Cost of items of property, and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates assets using straight line modified accelerated cost recovery system (MACRS) method over the useful lives of the assets. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

### *8. Impairment of long-lived assets*

Long-lived assets, including property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the

## **Global Pet Films, Inc.**

Financial Statements

March 31, 2021 and March 31, 2020

amount by which the carrying value of the assets exceeds its fair value. No impairment loss has been recognized for the years ended March 31, 2021 and 2020.

### *9. Operating leases*

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

### *10. Fair value measurements and financial instruments*

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

### *11. 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 as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

### *12. Recently issued accounting standards not yet adopted*

In February 2016, the FASB issued ASU 2016-02, Leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, other than those that meet the definition of a short-term lease. This update will establish a lease asset and lease liability by lessees for those leases classified as operating under current GAAP. Leases will be classified as either operating or finance under the new guidance. Operating leases will result in straight-line expense in the income statement, similar to current operating leases, and finance leases will result in more expense being recognized in the earlier years of the lease term, similar to current capital leases. This ASU is effective for annual periods beginning after December 15, 2021. The Company is currently evaluating the impact of this standard on its financial statements.

## **NOTE C - FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and accounts receivable. By their nature, all accounts receivable involve risk including the credit risk of non-performance by counter parties. In management's opinion, as of March 31, 2021 there was

## Global Pet Films, Inc.

Financial Statements

March 31, 2021 and March 31, 2020

no significant risk of loss in the event of non-performance of the counter parties to these cash equivalents and accounts receivable.

One customer accounted for 69% of the total accounts receivables as on March 31, 2021 (March 31, 2020: 2 customers for 56%). The Company owes 100% of the total accounts payable to the related parties, namely Garware Polyester Limited and Garware Polyester International Limited, as of March 31, 2021

### NOTE D - INVENTORIES

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Inventory of finished goods	1,008,148	86

The inventory comprises of stock that is purchased from Garware Polyester Limited and not delivered to customer at the end of the reporting period.

### NOTE E - STOCKHOLDERS' EQUITY

#### *Common stock authorized, issued and outstanding*

The Company's certificate of incorporation authorizes 1,000,000 shares of capital stock for issuance. As of March 31, 2021, 99,999 shares of capital stock have been issued to Garware Polyester International Limited, a United Kingdom company in consideration of \$99,999 and 1 share capital of stock has been issued to individual shareholder in consideration of \$ 1.

#### *Voting*

Each holder of common stock is entitled to one vote in respect of each share held by the holder in the records of the Company for all matters submitted to a vote.

#### *Liquidation*

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

### NOTE F - COMMITMENTS AND CONTINGENCIES

#### **Lease obligations:**

The Company has leased office premises which expires on January 2025. The rental expense for the year ended March 31, 2021 was \$ 41,521 (March 31, 2020 \$ 24,451). The Company has made a security deposit of \$3,122 (March 31, 2020 \$ 2,434) which is included in other assets. As of March 31, 2021, future rental commitments for the non-cancelable lease are as follows:

<b>Years ending March 31,</b>	<b>Amount</b>
2022	39,167
2023	40,342
2024	41,552
2025	35,560
<b>Total</b>	<b>156,621</b>

## Global Pet Films, Inc.

Financial Statements

March 31, 2021 and March 31, 2020

### NOTE G - INCOME TAXES

The Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The provision for federal income tax during the year ended March 31, 2021 and March 31, 2020 amounted to \$ 362,037 and \$ 251,033, respectively.

The provision for state income tax during the year ended March 31, 2021 and March 31, 2020 amounted to \$ 167,178 and \$ 119,362, respectively.

As at March 31, 2021, the Company has not recognized any deferred tax assets or liabilities, as the management has assessed that there are no net operating losses (NOLs) to be carried forward or other items which may lead to a temporary or permanent timing differences

### NOTE H - RELATED PARTY TRANSACTIONS

A. Related parties with whom transactions have taken place during the year:

- a. Garware Polyester Limited (Ultimate Holding Company)
- b. Garware Polyester International Limited (Holding Company)

B. Summary of transactions with related parties in the normal course of business are as follows:

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
<b>Transactions during the year</b>		
<u>Garware Polyester Limited</u>		
- Goods purchased	31,991,063	22,684,071
- Debit notes issued on account of mark up	280,932	1,442,554
<u>Garware Polyester International Limited</u>		
- Goods purchased	14,175	-
- Management accounting fee	175,000	150,000
<b>Balances as at year end</b>		
<b>Payable to:</b>		
- Garware Polyester Limited	1,360,041	2,318,899
- Garware Polyester International Limited	189,175	233,469
<b>Receivable from:</b>		
- Garware Polyester Limited	280,932	1,606,105

### NOTE I - REVENUE FROM CONTRACT WITH CUSTOMERS

The Company's contracts with customers are comprised of purchase orders along with standard terms and conditions. These contracts with customers typically consist of sale of products which represent single



## Global Pet Films, Inc.

Financial Statements

March 31, 2021 and March 31, 2020

performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time.

Revenue disaggregated by timing of recognition:

	<b>For the year ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Products and services transferred at a point in time	36,691,098	25,733,025
<b>Total revenue by timing of recognition</b>	<b>36,691,098</b>	<b>25,733,025</b>

### **NOTE J - FAIR VALUE MEASUREMENTS**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts of these instruments. None of these instruments are held for trading purposes.

### **NOTE K - RISK AND UNCERTAINTIES**

The Company's future results of operations involve several risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

The management of the Company has also evaluated the possible effect of COVID – 19 on the carrying amount of trade receivables and other assets and believes that the current COVID-19 scenario has not materially impacted the financial position of the Company for the year ended on March 31, 2021. The Company will continue to monitor developments to identify significant uncertainties surrounding COVID-19 and its impact on performance of the Company for future periods.

### **NOTE L - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 22, 2021, which is the date the financial statements were available to be issued. No material subsequent event has been noted.

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