

Orbit Inc.

Financial Statements and Independent Auditor's Report
March 31, 2019 and March 31, 2018

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Independent Auditor's Report

The Board of Directors of Orbit Inc.

We have audited the accompanying financial statements of Orbit Inc. (the Company), a Delaware Corporation, which comprise the balance sheets as at March 31, 2019 and March 31, 2018 and the related statements of income, statements of stockholders' equity and statements of cash flows for the years 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 representation 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 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 as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

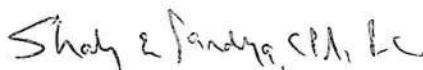
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

The financial statements of the prior year were audited by a predecessor Auditor G.M.Kapadia & Co. Chartered Accountants, Mumbai. Prior Year's signed audit report was not available at the time of audit. We have not audited, reviewed or compiled the prior year financial statements and that we assume no responsibility for them.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at March 31, 2019 and March 31, 2018 and the results of its operations, stockholders' equity and cash flows for the years then ended in conformity with the accounting principles generally accepted in the United States of America.



Shah & Pandya, CPA, P.C.

Lake Success, New York

May 9, 2019

Balance sheets

(All amounts are stated in United States Dollars unless otherwise stated)

		As at	
	Notes	March 31, 2019	March 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	B	4,237	9,184
Accounts receivable, due from parent	C		
Accounts receivable, net (held on behalf of parent)	D	209,010	263,749
Inventories (held on behalf of parent)	E	1,624,654	1,587,200
Other current assets	F	7,609	13,824
Total current assets		1,845,510	1,873,957
Property, plant and equipment, net	G	5,043	9,367
Other non-current assets	H	19,400	19,400
Total assets		1,869,953	1,902,724
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable, due to parent		728,105	795,146
Accounts payable		7,817	3,578
Other current liabilities	I	18,909	11,224
Total current liabilities		754,831	809,948
Deferred tax liability		1,700	3,683
Total liabilities		756,531	813,631
Stockholder's equity			
Common stock of \$ 1 par			
5,000,000 shares authorized			
1,000,000 (PY: 1,000,000) shares issued and outstanding		1,000,000	1,000,000
Retained earnings		113,422	89,093
Total stockholders' equity		1,113,422	1,089,093
Total liabilities and stockholders' equity		1,869,953	1,902,724

See accompanying Accountants Audit Report and Selected footnotes to financial statements

Orbit Inc.
 Financial Statements
 March 31, 2019 and March 31, 2018

Statements of income

(All amounts are stated in United States Dollars unless otherwise stated)

	Notes	For the year ended	
		March 31, 2019	March 31, 2018
Revenues			
Operating revenue		1,877,718	1,744,661
Total revenue		1,877,718	1,744,661
Costs and expenses			
Cost of revenue		1,208,920	1,056,032
Selling, general and administrative expenses		632,626	652,868
Depreciation		4,324	2,970
Total costs and expenses		1,845,870	1,711,870
Operating income		31,848	32,790
Income before income taxes		31,848	32,790
Current Tax		9,503	7,619
Deferred Tax Income	K	(1,983)	(1,023)
Net income		24,328	26,195
Basic & Diluted earnings per share	J	0.02	0.03

See accompanying Accountants Audit Report and Selected footnotes to financial statements

Orbit Inc.
Financial Statements
March 31, 2019 and March 31, 2018

Statements of stockholders' equity

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

For the years April 01, 2018 to March 31, 2019 and April 01, 2017 to March 31, 2018

Particulars	Common stock			Retained earnings	Total Stockholders' equity
	Authorized Shares	Value	Shares	Issued & outstanding Value	
Balance as on April 01, 2017	5,000,000	\$ 5,000,000	1,000,000	\$ 1,000,000	62,899 \$ 1,062,899
Net income for the year					26,195 \$26,195
Balance as at March 31, 2018	5,000,000	\$ 5,000,000	1,000,000	\$ 1,000,000	89,094 \$1,089,094
Balance as at April 01, 2018	5,000,000	\$ 5,000,000	\$ 1,000,000	\$ 1,000,000	89,094 \$1,089,094
Net income for the year					24,328 24,328
Balance as at March 31, 2019	5,000,000	\$ 5,000,000	1,000,000	\$ 1,000,000	113,422 \$ 1,113,422

See accompanying Accountants Audit Report and Selected footnotes to financial statements

Statement of cash flows
(All amounts in United States Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2019	March 31, 2018
Cash flows from operating activities		
Net income	24,328	26,195
Adjustments to reconcile net income to net cash derived from (used in) operating activities		
Deferred tax expense	(1,983)	(1,023)
Depreciation and amortization	4,324	2,970
Changes in operating assets and liabilities		
Accounts receivables, due from parent		
Accounts receivables, (held on behalf of parent)	54,739	(29,540)
Inventories (held on behalf of parent)	(37,454)	138,064
Other current assets	6,215	(5,695)
Other assets	0	0
Accounts payable, due to parent	(67,041)	(129,210)
Accounts payable	4,240	(1,016)
Other current and non-current liabilities	7,685	(12,200)
Net cash provided by/ (used in) operating activities	(4,947)	(11,455)
Cash flows from investing activities		
Purchase of equipment	0	(369)
Net cash (used in) investing activities		(369)
Cash flows from financing activities		
Issuance of common stock	0	0
Net cash generated from financing activities	\$ 0	0
Net increase in cash and cash equivalents	(4,947)	(11,824)
Cash and cash equivalents at the beginning of the year	9,184	21,009
Cash and cash equivalents at the end of the year	4,237	9,184
Supplemental cash flow information		
Interest paid	7,520	
Income taxes paid		6,596

See accompanying Accountants Audit Report and Selected footnotes to financial statements

(All amounts are stated in United States Dollars unless otherwise stated)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

1. Business description

Orbit Inc. ("OI" or "the Company") was incorporated in Delaware, United States on May 16, 2013 and has obtained a Certificate of Qualification to conduct business in the States of California as Orbit International Inc. OI is a wholly owned subsidiary of Orbit Exports Limited ("OEL India" and "Parent"); an Indian public listed Company. The Company commenced business operations in the month of May 2013.

2. Financial statements

a) Basis of preparation

- i) The accompanying financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States (US GAAP) to reflect the financial position, results of operations and cash flows. All amounts are stated in United States dollars, except as otherwise specified.
- ii) The financial statements presented are for the year April 1, 2018 to March 31, 2019 and year April 1, 2017 to March 31, 2018.
- iii) Certain reclassifications, regroupings and reworking have been made to the financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported net income or stockholders' equity.

b) Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 realization of deferred tax assets, determination of useful lives equipment and other long lived assets for impairment, allowance for doubtful debts 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.

3. Significant accounting policies

a) Cash and cash equivalents

The Company considers all highly liquid investments and deposits with a remaining maturity of ninety days or less on the date of purchase to be cash and cash equivalents. Cash and cash equivalents comprise cash on hand and balance in checking account with bank.

b) Revenue recognition

The Company derives revenues from selling fabric products to the United States of America, Mexico and Central America.

The Company recognizes revenue from selling fabric products when earned; specifically when all the following conditions are met:

- services are provided to customers;
- there is clear evidence that arrangement exists;
- amounts are fixed or can be determined;
- the ability to collect is reasonably assured;

c) Accounts receivable & allowance for doubtful accounts

Accounts receivable from parent company represents marketing fees receivable. Accounts receivables depicted as held on behalf of parent company represents the amount collectible from the ultimate customers as OEL India bears the total risk of collection, bad debts if any.

d) Allowance for doubtful accounts

The Company follows specific identification method for recognizing bad debts. Management analyzes accounts receivable and the composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness when evaluating the adequacy of the allowance for doubtful accounts.

e) Inventories

Inventories consist of fabrics received from OEL India, and are stated at the lower of cost or market. The cost of inventory includes the transfer price of the products and expenses incurred on freight, customs duty and other incidental expenses. Inventories are held on behalf of OEL India and delivered to customers on receipt of instructions from OEL India.

f) Equipment

Equipment is stated at cost less accumulated depreciation. The Company depreciates equipment over the estimated useful life using the straight-line method.

The estimated useful lives of assets are as follows:

Asset	Useful life
Computer equipment and software	2 - 7 years
Furniture and fixtures	4 - 7 years
Warehouse equipment	3 - 7 years

The charge for depreciation has been presented as a separate line item on the face of the statements of income.

g) Intangible Assets

Intangible assets are recognized only if they are separately identifiable and the company expects to receive future economic benefits arising out of them. Such assets are stated acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

h) Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. Each impairment test is based on a comparison of the undiscounted cash flows expected to be generated from the use of the asset to its recorded value. If impairment is indicated the asset is written down to its fair value. Long-lived assets, to be disposed are reported at the lower of the carrying value or fair value less cost to sell.

i) Operating lease

Lease payments under operating leases are recognized as an expense on a straight line basis over the lease term,

j) Income taxes

The Company accounts for deferred taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of comprehensive income in the period of change. Based on management's judgment, the measurement of deferred tax assets is reduced, if necessary; by a valuation allowance for any tax benefits for which it is more likely than not that some portion or all of such benefits will not be realized.

k) Fair value measurements and financial instruments

The Company adopted the accounting standard for applying fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value. The adoption did not have a material effect on the Company's financial position, results of operations or cash flows.

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.

1) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

NOTE B . CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

Particulars	As at	
	March 31, 2019	March 31, 2018
Checking account	3,751	8,875
Cash on hand	486	309
Total	\$4,237	\$9,184

NOTE C . ACCOUNTS RECEIVABLE, DUE FROM PARENT

The Company's accounts receivables relate to marketing commission due from the parent company.

	As at	
	March 31, 2019	March 31, 2018
Accounts receivable, due from parent		
Total		

NOTE D - ACCOUNTS RECEIVABLE, NET (HELD ON BEHALF OF PARENT)

Accounts receivables accounted by the Company on behalf of its parent company relate to goods sold to customers on behalf of the parent and include reimbursable expenses invoiced to customers.

	As at	
	March 31, 2019	March 31, 2018
Accounts receivable, held on behalf of parent	209,010	286,036
Less: Allowance for doubtful accounts		22,287
Accounts receivables, net	\$209,010	\$263,749

NOTE E - INVENTORIES (HELD ON BEHALF OF PARENT)

Inventories held on behalf of the Parent consist of:

	As at	
	March 31, 2019	March 31, 2018
Fabric products	1,535,868	1,434,153
Goods-in-transit	109,616	173,877
Less: Allowance for slow moving inventory	(20,830)	(20,830)
Total	\$1,624,654	\$1,587,200

NOTE F - OTHER CURRENT ASSETS

Other current assets comprise the following:

	As at	
	March 31, 2019	March 31, 2018
Prepaid expenses	7,609	13,443
Others	0	381
Total	\$7,609	\$13,824

NOTE G - PROPERTY, PLANT EQUIPMENT

Property, Plant & Equipment comprise the following:

	As at	
	March 31, 2019	March 31, 2018
Computer equipment	5,996	6,087
Intangible assets	755	755
Furniture and fixtures	4,986	5,127
Warehouse equipment	24,313	24,313
	36,050	36,282
Less: Accumulated depreciation	(31,007)	(26,915)
Total	\$5,043	9,367

Depreciation expense for the year ended March 31, 2019 amounted to \$ 4,324 (March 31, 2018 -\$2,970).

NOTE H OTHER NON CURRENT ASSETS

Other non-current assets comprise the following:

	As at	
	March 31, 2019	March 31, 2018
Deposits	19,400	19,400
Total	\$19,400	\$ 19,400

NOTE I - OTHER CURRENT LIABILITIES

Other current liabilities comprise the following:

	As at	
	March 31, 2019	March 31, 2018
Payroll accrual	3,952	6,923
Audit Fee Payable	6,000	2,500
Others	8,957	1,801
Total	\$18,909	\$11,224

NOTE J - EARNINGS PER SHARE

We calculate our basic earnings per share by dividing net income by the weighted average number of shares and participating securities outstanding during the period. Our diluted earnings per share are calculated in a similar manner but include the effect of dilutive securities. To the extent these securities are antidilutive, they are excluded from the calculation of diluted earnings per share.

The following table summarizes our basic and diluted earnings per common share calculations for the periods presented

	For the year ended	
	March 31, 2019	March 31, 2018
Net income	24,328	26,195
Basic Weighted Average shares outstanding	1,000,000	1,000,000
Effect of Dilutive Securities		
Dilutive Weighted Average Shares outstanding		
Basic Earnings Per Share	0.02	0.03
Dilutive Earnings Per Share	0.02	0.03

NOTE K - INCOME TAXES

The Company will file federal and state tax returns as per the regulations applicable to Chapter C Corporations in the USA.

The components of income tax expenses are as follows:

	For the year ended	
	March 31, 2019	March 31, 2018
Current taxes	9,503	7,619
Federal	6,085	4,619
State	3,418	3,000
Deferred taxes	(1,983)	(1,023)
Federal	(1,715)	(885)
State	(268)	(138)
Income tax expense	\$7,520	\$6,596

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	As at	
	March 31, 2019	March 31, 2018
Non-current deferred tax liability:		
Plant, property and equipment, net	1,700	3,683
Total deferred tax liability	\$1,700	\$ 3,683

Accounting for uncertain tax position

Effective April 1, 2009, the accounting standard regarding "Accounting for Uncertain Tax Positions" was introduced (FASB ASC 740.10). This standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the enterprise's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of the standard has had no material effect on the Company's financial position, results of operations or cash flow.

The tax years 2016 to 2018 remain subject to examination by the taxing authority.

NOTE L -COMMITMENTS AND CONTINGENCIES

Operating lease

The Company has a warehousing and office facility located in Los Angeles; California and New York. The Company has obtained an operating lease of these office and warehouse premises. Rental expense for the year ended March 31, 2019 was \$139,548 (Previous year \$ 132,374).

At March 31, 2019 future rental commitments for the non-cancelable lease are as follows:

Year	Los Angeles	New York	Total
2019-20	88,744	55,153	143,897
2020-21	91,402	57,090	148,492
Total	180,146	112,243	292,389

NOTE M-RELATED PARTY TRANSACTIONS

The Company had transactions in the ordinary course of business with the following related parties:
Orbit Exports Limited ("Parent company")

	March 31, 2019	March 31, 2018
Orbit Exports Limited		
<i>Transactions during the year</i>		
Purchases from OEL India	1,076,128	798,798
Issuance of common stock to OEL India		
Reimbursement of expenses by OEL India		
Payment made to OEL India	1,143,169	928,009
<i>Balances at the end of year</i>		
Accounts payable, due to parent company	728,105	795,146
Accounts receivable, due from parent company		

NOTE N SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2019 through May 09, 2019; the date the financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.