

## Independent Auditor's Report

To the Shareholders and Board of Directors  
SMC Global USA, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of SMC Global USA, Inc., which comprise the balance sheet as of March 31, 2021, and the related statements of income, changes in stockholder's equity, and cash flows for year then ended, and related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for 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 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 the 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 of 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 entity'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 entity'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.

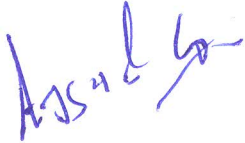
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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

### Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 10 to the financial statements, the Company has accumulated deficit of \$1,280,599 as of March 31, 2021. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.



**AJSH & Co LLP**  
New Delhi, India



June 05, 2021

**SMC GLOBAL USA, INC.**  
**BALANCE SHEET**  
**AS AT March 31, 2021**

**ASSETS**

	<i>Amount in \$</i>	
	March 31, 2021	March 31, 2020
<b>CURRENT ASSETS:</b>		
Cash		
Due from officers	94,340	94,340
<b>TOTAL CURRENT ASSETS</b>	<b>94,340</b>	<b>94,340</b>
<b>TOTAL ASSETS</b>	<b>94,340</b>	<b>94,340</b>

**LIABILITIES AND STAKEHOLDERS' EQUITY**

<b>CURRENT LIABILITIES :</b>		
Loan Payable- related party	2,21,539	2,21,539
<b>TOTAL CURRENT LIABILITIES :</b>	<b>2,21,539</b>	<b>2,21,539</b>
<b>STAKEHOLDERS' EQUITY :</b>		
Common stock, no par value		
1000 shares authorized		
280 shares issued and outstanding	11,53,400	11,53,400
Accumulated deficit	(12,80,599)	(12,80,599)
<b>TOTAL STAKEHOLDERS' EQUITY :</b>	<b>(1,27,199)</b>	<b>(1,27,199)</b>
<b>TOTAL LIABILITIES AND TOTAL STAKEHOLDERS' EQUITY :</b>	<b>94,340</b>	<b>94,340</b>

For and on Behalf of the Board

Himanshu Gupta  
Director



**SMC GLOBAL USA, INC.**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2021**

	YEAR ENDED MARCH 31, 2021	<i>Amount in \$</i> YEAR ENDED MARCH 31, 2020
<b>REVENUES</b>	-	-
<b>EXPENSE :</b>		
Operating expenses	-	-
Employee Benefit Expenses	-	-
Finance Expense	-	-
Depreciation & Amortization Expense	-	-
Other Expense	-	1,403
<b>TOTAL EXPENSE</b>	-	1,403
<b>LOSS BEFORE CREDIT FOR INCOME TAXES</b>	-	<b>(1,403)</b>
Credit for income taxes	-	-
<b>NET LOSS</b>	-	<b>(1,403)</b>

For and on Behalf of the Board

**Himanshu Gupta**  
Director



**SMC GLOBAL USA, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2021**

	<b>YEAR ENDED</b> <b>MARCH 31, 2021</b>	<i>Amount in \$</i> <b>YEAR ENDED</b> <b>MARCH 31, 2020</b>
<b>OPERATING ACTIVITIES :</b>		
Net loss	-	(1,403)
<i>Adjustments to net loss to net cash used in operating activities :</i>		
Depreciation and amortization	-	-
Loss on sale of intangibles	-	-
Impairment of receivable	-	-
Accrued interest- related party	-	-
<i>Changes in operating assets and liabilities:</i>		
Advisory fee receivbles	-	-
Other receivables- officer	-	-
Accounts payable and accrued expense	-	-
Security deposits	-	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	-	<b>(1,403)</b>
<b>INVESTING ACTIVITIES :</b>		
Proceeds from sale of business	-	-
<b>NET CASH PROVIDED BY/ (USED IN) INVESTING ACTIVITIES</b>	-	-
<b>FINANCING ACTIVITIES :</b>		
<b>NET CASH PROVIDED BY/ (USED IN) FINANCING ACTIVITIES</b>	-	-
<b>INCREASE/ (DECREASE) IN CASH</b>	-	(1,403)
<b>CASH- BEGINNING OF YEAR</b>	-	1,403
<b>CASH- END OF YEAR</b>	-	-

For and on Behalf of the Board

*[Handwritten Signature]*

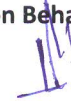


**Himanshu Gupta**  
Director

**SMC GLOBAL USA, INC.**  
**STATEMENT OF STAKEHOLDERS' EQUITY**  
**YEAR ENDED MARCH 31, 2021**

	Common stock		Accumulated deficit	Total
	Shares (in Number)	Amount		
BALANCE- APRIL 1, 2020	280	11,53,400	(12,80,599)	(1,27,199)
NET LOSS	-	-	-	-
<hr/>				
<b>BALANCE- MARCH 31, 2021</b>	<b>280</b>	<b>11,53,400</b>	<b>(12,80,599)</b>	<b>(1,27,199)</b>

For and on Behalf of the Board



**Himanshu Gupta**  
Director



**SMC Global USA, Inc.**  
**Notes to financial statements**  
**March 31, 2021**

**Note 1. Organization, History and Business**

SMC Global USA, Inc. (the "Company") is a company incorporated under the laws of the State of New York as a wholly owned subsidiary of SMC Global Securities Limited. The Company is a registered investment advisor (RIA) and it operates as wealth management advisors in United States.

It started its operations in 2015 and provides asset management services to high net worth individuals on a fee-only basis including investment consulting services, relationship management services and advanced planning services which includes wealth protection planning such as insurance planning, risk management etc.

**Note 2. Summary of Significant Accounting Policies**

**Use of estimates in the preparation of financial statements**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 net revenue and expenses during each reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents**

All highly liquid investments with maturities of three months or less at the time of purchase are considered to be cash equivalents. All of the Company's cash equivalents have liquid markets and high credit ratings.

**Property, plant and equipment**

Property, plant and equipment are stated at cost and depreciated over the estimated useful life of the assets. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets, generally five years. Leasehold improvements are amortized over the shorter of the asset's useful life or the life of the lease term. Expenditures for maintenance and repairs are charged to expense as incurred.

**Fair value measurements**

The Company adopted the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures", which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

The estimated fair value of certain financial instruments, including cash and accounts and loans payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.



ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value.

Level 1 - quoted prices in active markets for identical assets and liabilities

Level 2 - quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 - inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

The Company has no assets or liabilities measured at fair value.

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

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable in accordance with ASC 360, Property, plant and equipment. For assets that are to be held and used, impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. For the year ended March 31, 2018, there has not been any impairment of long-lived assets.

### **Financial Instruments – Credit losses**

The Company adopted the provisions of ASC 326, "Financial Instruments – Credit losses", for initial and subsequent measurement of Financial Instrument. A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Advances, security deposits, rental deposits, cash and cash equivalents etc. are classified for measurement at amortised cost.

The company has measured its loan advanced at amortised cost.

### **Goodwill**

Goodwill is the excess of purchase price over the fair value of identified net assets of businesses acquired. The Company's intangible assets with an indefinite life are related to the acquisition of customer relationships. Intangible assets with indefinite useful lives are measured at their respective fair values as of the acquisition date. The Company does not amortize goodwill.

The Company reviews goodwill at least annually for possible impairment. Goodwill is reviewed for possible impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the goodwill below its carrying values. If the implied fair value of goodwill is less than the carrying value of the reporting unit's goodwill, the difference is recognized as an impairment loss.



## Revenue recognition

In May 2014, FASB issued an update Accounting Standards Update, ASU 2014-09, establishing ASC 606 - Revenue from Contracts with Customers. ASU 2014-09, as amended by subsequent ASUs on the topic, establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. This standard, which is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2017, requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and also requires certain additional disclosures.

The Company adopted this standard in 2018 using the modified retrospective approach, which requires applying the new standard to all existing contracts not yet completed as of the effective date and recording a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. Based on an evaluation of the impact ASU 2014-09 will have on the Company's sources of revenue, the Company has concluded that ASU 2014-09 did not have any impact on the process for, timing of, and presentation and disclosure of revenue recognition from customers.

The Company's revenue is generated by furnishing discretionary wealth management advisory services to its clients. Fee is calculated based upon the assets under management as of the end of the previous quarter and are recognized as earned. The fee is deducted from the client's account maintained at a stockbroker and are subsequently remitted to the Company.

## Income tax

The Company uses the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, "Income Taxes." Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's financial statements or tax returns. 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 results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized.

## Loss per share

The Company reports earnings (loss) per share in accordance with ASC Topic 260-10, "Earnings per Share. Basic earnings (loss) per share are computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share have not been presented since there are no dilutive securities.



## Business segments

ASC 280, "Segment Reporting" requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. The Company determined it has only one operating segment as of March 31, 2021.

## Recent accounting pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard setting bodies that may have an impact on the Company's accounting and reporting. The Company believes that such recently issued accounting pronouncements and other authoritative guidance for which the effective date is in the future either will not have an impact on its accounting or reporting or that such impact will not be material to its financial position, results of operations and cash flows when implemented.

## Note 3. Cash and cash equivalent

The company has no Cash at Bank as on March 31, 2021.

## Note 4. Related party transactions

During the year ended March 31 2021 and 2020, there were no transactions with related party.

Related party balances for the period-ended March 31, 2021 and March 31, 2020 are as follows:

Name of related party	Nature of balance	As at March 31, 2021	As at March 31,2020
		\$	\$
SMC Global Securities Ltd. (a)			
	Loan payable	2,21,539	2,21,539
Finney Jacob Cherian (c)			
	Due from officer	94,340	94,340

- SMC Global Securities Ltd. is incorporated under the laws of India and owns 140 shares, or 50%, of the Company's common stock.
- The amount due from Finney J. Cherian is non-interest bearing.

## Note 5. Loan payable

SMC Global Securities Limited (our parent company) has extended the Company a loan for \$200,000. The loan bears an interest cost of 6% per annum and shall be repaid in full within 60 months. However as the company is suffering from losses, the holding company, SMC Global Securities have agreed to waive off the interest w.e.f 01.04.2018, all other terms and conditions remaining the same.



