

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF
LUMINA DATAMATICS INC**

Report on the Condensed Financial Statements

We have audited the accompanying Condensed Financial Statements of **Lumina Datamatics Inc** ("the company") which comprises the Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss (including other Comprehensive Income) and Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and a summary of selected explanatory notes. The accompanying Condensed Financial Statements have been prepared by management in accordance with the generally accepted accounting principles applicable in India, solely to enable its Holding Company, Lumina Datamatics Limited to prepare its Consolidated Financial statements.

Management's Responsibility for the Condensed Financial Statements

The Management is responsible for the preparation of these Condensed Financial statements. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Condensed Financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Condensed Financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Condensed Financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Condensed Financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Condensed Financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the Condensed 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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Condensed 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 and to the best of our information and according to the explanations given to us, the Condensed Financial statements of Lumina Datamatics Inc as at and for the year ended March 31, 2019 are prepared, in all material respects, in accordance with the generally accepted accounting principles in India.



Basis of Accounting and Restriction on distribution and use

Without modifying our opinion, we draw attention to Note No. 1(a)(i), which describes the basis and purpose of the Condensed Financial statements. The Condensed Financial statements are prepared solely to enable its holding company, Lumina Datamatics Limited, to prepare its Condensed Financial statements and are not to be used for any other purpose or to be distributed to any other parties without our prior written consent.

For Kanu Doshi Associates LLP
Chartered Accountants
(Firm's Registration No. 104746W/W100096)



Kunal Vakharia

Partner

Membership No: 148916



Place: Mumbai

Date: May 9, 2019

LUMINA DATAMATICS INC.
CONDENSED BALANCE SHEET AS AT MARCH 31, 2019

			In USD
Particulars	Note	March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2	1,52,166	2,83,671
Goodwill	3	1,80,89,336	1,80,89,336
Other intangible assets	3	8,28,790	8,45,720
Intangibles under development		46,310	-
Financial assets			
i. Investments	4	58,86,678	56,36,678
ii. Other financial assets	5	23,305	23,305
Deferred tax assets		3,38,360	3,38,360
Other non-current assets	6	-	1,253
Total non-current assets		2,53,64,945	2,52,18,322
Current assets			
Financial assets			
i. Trade receivables	7	64,46,535	55,06,192
ii. Cash and cash equivalents	8	8,65,543	11,93,880
iii. Other financial assets	9	20,30,314	24,10,202
Other current assets	10	95,479	54,839
		94,37,871	91,65,113
Total current assets		94,37,871	91,65,113
Total assets		3,48,02,816	3,43,83,436
EQUITY AND LIABILITIES			
Share Capital			
Equity share capital	11(a)	3,55,54,278	3,54,13,716
Other Equity	11(b)	(33,02,871)	(39,95,649)
Total equity		3,22,51,407	3,14,18,067
LIABILITIES			
Non-current liabilities			
Other non-current liabilities	12	-	32,250
Total non-current liabilities		-	32,250
Current liabilities			
Financial liabilities			
i. Borrowings	13	1,40,000	9,57,662
ii. Trade payables	14	23,08,139	18,99,819
iii. Other financial liabilities	15	1,03,241	75,610
Other current liabilities	16	28	28
		25,51,408	29,33,119
Total current liabilities		25,51,408	29,33,119
Total liabilities		25,51,408	29,65,369
Total equity and liabilities		3,48,02,816	3,43,83,436

The accompanying notes forming an integral part of the financial statements

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As per our attached report of even date

For Kanu Doshi Associates LLP

Chartered Accountants

Firm Registration No. 104746W/W100096



Kunal Vakharia
Partner

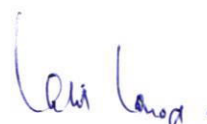
Membership No. 148916



For and on behalf of the Board



Vidur V Bhogilal
Vice Chairman



Dr. Lalit S. Kanodia
Chairman



Place : Mumbai

Dated : May 09, 2019

LUMINA DATAMATICS INC.

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

in USD

Particulars	Note	March 31, 2019	March 31, 2018
Continuing operations			
Revenue from operations	17	3,28,79,629	2,93,08,762
Other income	18	376	49
Total income		3,28,80,005	2,93,08,811
Expenses			
Employee benefit expenses	19	95,69,773	93,47,647
Net finance costs	20	34,318	15,975
Depreciation and amortisation expenses	21	4,51,776	2,30,814
Other expenses	22	2,20,80,647	1,91,67,994
Total expenses		3,21,36,514	2,87,62,430
Profit before exceptional items, share of net profits of investments accounted for using the equity method and tax		7,43,491	5,46,381
Share of net profits of associates and joint ventures accounted for using the equity method			
Profit before exceptional items and tax		7,43,491	5,46,381
Exceptional items			
Profit before tax		7,43,491	5,46,381
Income tax expense			
- Current tax		50,713	27,792
- Deferred tax		-	2,10,593
Total tax expense/(credit)		50,713	2,38,385
Profit for the year		6,92,778	3,07,996

The accompanying notes forming an integral part of the financial statements

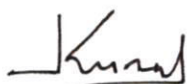
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As per our attached report of even date

For Kanu Doshi Associates LLP

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Kunal Vakharia

Partner

Membership No. 148916

**For and on behalf of the Board**

Vidur V Bhogilal

Vice Chairman


Dr. Lalit S. Kanodia

Chairman

Place : Mumbai

Dated : May 09, 2019



LUMINA DATAMATICS INC.**Note 11 - Statement of changes in equity for the period ended March 31, 2019****(a) Equity share capital** **In USD**

Particulars	Amount
March 31, 2017	3,52,86,675
Changes in equity share capital	1,27,041
March 31, 2018	3,54,13,716
Changes in equity share capital	1,40,562
March 31, 2019	3,55,54,278

(b) Other equity **In USD**

Particulars	Attributable to owners of LUMINA DATAMATICS Inc.		
	Retained earnings	Capital Reserve	Total other equity
As at March 31, 2017	(58,54,817)	15,51,172	(43,03,645)
Profit for the year	3,07,996		3,07,996
Total comprehensive income for the year	3,07,996	-	3,07,996
As at March 31, 2018	(55,46,821)	15,51,172	(39,95,649)
Profit for the year	6,92,778		6,92,778
Total comprehensive income for the year	6,92,778	-	6,92,778
As at March 31, 2019	(48,54,043)	15,51,172	(33,02,871)



LUMINA DATAMATICS INC.
Notes to the Condensed Financial Statements

Note 2 - Property, plant and equipment

In USD

Particulars	COMPUTER & EQUIPMENTS	FURNITURE & FIXTURES	LEASEHOLD IMPROVEMENTS	Total
Gross Block				
March 31, 2017	81,854	72,671	1,94,198	3,48,723
Additions	-	-	-	-
Disposals	-	-	-	-
March 31, 2018	81,854	72,671	1,94,198	3,48,723
Additions	-	-	-	-
Disposals	-	-	-	-
March 31, 2019	81,854	72,671	1,94,198	3,48,723

In USD

Particulars	COMPUTER & EQUIPMENTS	FURNITURE & FIXTURES	LEASEHOLD IMPROVEMENTS	Total
Accumulated depreciation				
March 31, 2017	18,781	5,449	19,090	43,320
Depreciation charge during the year	13,347	7,601	785	21,732
March 31, 2018	32,128	13,050	19,874	65,052
Depreciation charge during the year	45,595	(4,984)	90,894	1,31,505
March 31, 2019	77,723	8,066	1,10,768	1,96,557
Net carrying amount as March 31, 2019	4,132	64,605	83,430	1,52,166
Net carrying amount as March 31, 2018	49,726	59,621	1,74,324	2,83,671



LUMINA DATAMATICS INC.
Notes to the Condensed Financial Statements

Note 3 - Intangible assets

In USD

Particulars	Computer Softwares	Total	Goodwill	Intangible assets under development
<i>Gross block</i>				
March 31, 2017	2,32,155	2,32,155	1,80,89,336	-
Additions	10,54,802	10,54,802		
Disposals	-	-		
March 31, 2018	12,86,957	12,86,957	1,80,89,336	-
Additions	3,03,341	3,03,341	-	46,310
Disposals	-	-	-	
March 31, 2019	15,90,298	15,90,298	1,80,89,336	46,310

Particulars	Computer Softwares	Total	Goodwill	Intangible assets under development
<i>Accumulated amortisation and impairment</i>				
March 31, 2017	2,32,155	2,32,155	-	-
Amortisation charge during the year	2,09,082	2,09,082	-	-
March 31, 2018	4,41,237	4,41,237	-	-
Amortisation charge during the year	3,20,271	3,20,271	-	-
March 31, 2019	7,61,508	7,61,508	-	-

Net carrying amount as March 31, 2019	8,28,790	8,28,790	1,80,89,336	46,310
Net carrying amount as March 31, 2018	8,45,720	8,45,720	1,80,89,336	-



LUMINA DATAMATICS INC.
Notes to the Condensed Financial Statements

Note 4 - Non-current investments In USD

Particulars	March 31, 2019	March 31, 2018
Investment in equity instruments (fully paid-up)		
Unquoted		
(a) In subsidiaries		
- Wholly Owned (at Cost)		
Lumina Datamatics, GmbH	27,50,362	27,50,362
-Others		
Lumina Datamatics Assessment & Analytics, LLC	3136315	2886316
(b) Others		
Mypet Harmony, USA	9,044	9,044
Less: Provision for diminution in value of Investment	(9,044)	(9,044)
Total	58,86,678	56,36,678

Note 5 - Other Financial Assets

Particulars	March 31, 2019	March 31, 2018
Unsecured considered good		
Security deposits	23,305	23,305
Total	23,305	23,305

Note 6 - Other non-current assets

Particulars	March 31, 2019	March 31, 2018
Unsecured considered good		
Other advances	-	1,253
Total	-	1,253

Note 7 - Trade receivables

Particulars	March 31, 2019	March 31, 2018
Unsecured		
Considered Good	64,46,535	55,06,192
Considered doubtful	12,07,203	12,07,203
	76,53,737	67,13,395
Less :- Allowance for expected credit loss	12,07,203	12,07,203
Total	64,46,535	55,06,192

Note 8 - Cash and cash equivalents

Particulars	March 31, 2019	March 31, 2018
Bank balances	8,65,543	11,93,880
Total	8,65,543	11,93,880

Note 9 - Other financial assets

Particulars	March 31, 2019	March 31, 2018
Unsecured considered good		
Unbilled revenue	20,30,314	24,10,202
Total	20,30,314	24,10,202

Note 10 - Other current assets

Particulars	March 31, 2019	March 31, 2018
Prepaid expenses	93,549	53,250
Other advances	1,930	1,589
Total	95,479	54,839



LUMINA DATAMATICS INC.
Notes to the Condensed Financial Statements

Note 12 - Other Non Current liabilities **In USD**

Particulars	March 31, 2019	March 31, 2018
Security Deposit from sub-tenant	-	32,250
Total	-	32,250

Note 13 Borrowings

Particulars	March 31, 2019	March 31, 2018
Loans repayable on demand		
1) Lumina Datamatics Assessment & Analytics, LLC	1,40,000	-
2) HSBC Bank, USA	-	9,57,662
Total	1,40,000	9,57,662

Note 14 - Trade payables

Particulars	March 31, 2019	March 31, 2018
Trade payables	23,08,139	18,99,819
Total	23,08,139	18,99,819

Note 15 - Other financials liabilities

Particulars	March 31, 2019	March 31, 2018
Other payables	1,03,241	75,610
Total	1,03,241	75,610

Note 16 - Other current liabilities

Particulars	March 31, 2019	March 31, 2018
Statutory dues	28	28
Total	28	28



LUMINA DATAMATICS INC.
Notes to the Condensed Financial Statements

Note 17 - Revenue from operations		In USD
Particulars	March 31, 2019	March 31, 2018
Sale of Services	3,28,79,629	2,93,08,762
Total	3,28,79,629	2,93,08,762

Note 18 - Other income		
Particulars	March 31, 2019	March 31, 2018
Miscellaneous receipts	376	49
Total	376	49

Note 19 - Employee benefit expenses		
Particulars	March 31, 2019	March 31, 2018
Basic Salary, Wages & Allowances	91,60,622	89,74,040
Share based compensation	1,40,562	1,27,041
Staff Welfare	2,68,589	2,46,566
Total	95,69,773	93,47,647

Note 20 - Net finance costs		
Particulars	March 31, 2019	March 31, 2018
Interest on loan from banks	34,318	15,975
Total	34,318	15,975

Note 21 - Depreciation and amortisation expenses		
Particulars	March 31, 2019	March 31, 2018
Depreciation on property plant and equipment	1,31,505	21,732
Amortisation on intangible assets	3,20,271	2,09,082
Total	4,51,776	2,30,814

Note 22 - Other expenses		
Particulars	March 31, 2019	March 31, 2018
Outsourcing cost	2,06,31,790	1,77,61,626
Travelling expenses	3,20,461	2,86,535
Communication charges	3,17,790	2,26,915
Printing & Stationery	1,65,333	1,50,885
Rent	1,25,245	1,07,999
Repairs & Maintenance expenses	69,185	37,317
Insurance	36,965	37,270
Bank charges	24,996	18,406
Electricity expenses	18,821	24,266
Legal & Professional expenses	10,778	56,500
Subscription expenses	3,452	2,299
Rates & Taxes	14,083	8,440
Sundry Balances Written off	-	3,80,944
Bad debts	2,38,250	-
Advertisement expenses & Sales promotion	61,651	63,869
Miscellaneous expenses	41,847	4,723
Total	2,20,80,647	1,91,67,994



LUMINA DATAMATICS INC.

Notes forming part of the condensed financial statements

(All amounts are in USD unless otherwise stated)

Note 1: Significant accounting policies and notes on account

a) Significant Accounting Policies

i) Basis of Preparation of Condensed Financial Statements:

The condensed financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with Ind AS in India from the books of accounts maintained in US Dollars. The above condensed financial statements comprising of Balance Sheet, Statement of Profit and Loss and Significant accounting policies have been prepared by the management to enable its holding company, Lumina Datamatics Limited to prepare its consolidated financial statements and only relevant disclosures as required for the intended purpose are disclosed.

ii) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (IndAS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of the assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the year in which the results are known / materialized.

c) Revenue recognition

Revenue from services is recognised based on time and material and billed to the clients as per the terms of the contract. In the case of fixed price contracts, revenue is recognised on periodical basis based on units executed and delivered.

Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings are classified as unearned revenue. Discount is recognised on cash basis in accordance with the contractual term of the agreement with the customers.

'Unbilled revenues' included in other current assets represent cost and earnings in excess of billings as at the balance sheet date.

d) Income tax

No provision has been considered necessary for the current year since the company has the brought forward net operating losses in accordance with Internal Revenue Service Code of United States of America. However State taxes are accrued and provided in the books. No deferred tax asset has been recognised on the amount of carried forward tax losses and unabsorbed depreciation in the absence of virtual certainty.

e) Leases

As a lessee

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as Finance Leases. The leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating lease. Operating lease payments are recognised as expenses in the Statement of Profit and Loss.

f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

g) Impairment of financial assets

At each balance sheet date, carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. 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). Where 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.



LUMINA DATAMATICS INC.

Notes forming part of the condensed financial statements

(All amounts are in USD unless otherwise stated)

h) Property, plant and equipment

Property, plant and equipments are valued at cost after reducing accumulated depreciation until the date of the balance sheet. Direct costs are capitalised until the assets are ready to use and include financing costs relating to any specific borrowing attributable to the acquisition of fixed assets. Intangible assets are recognised, only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. Capital work-in-progress includes assets not put to use before the year end.

i) Depreciation methods, estimated useful lives and residual value

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Leasehold improvements are amortized over the lease term or the useful life of the asset as determined by the management, whichever is lower. Software and customer related contracts intangibles are amortized on a straight-line basis over a period of three years representing the estimated useful life of the respective intangibles.

j) Tangible assets

Fixed assets are stated at cost less accumulated depreciation/amortisation and impairment losses, where applicable. The company capitalizes all costs relating to the acquisition and installation of fixed assets. Cost comprises the purchase price and any attributed cost of bringing the asset to its working condition for its intended use.

k) Intangible assets

Software is acquired primarily from third-party vendors and is in ready-to-use condition. Costs for acquiring such software are capitalized. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as "Capital advances" under Long term loans and advances.

l) Goodwill

The consideration paid in excess of net assets taken over are recognised as goodwill and is tested for impairment on annual basis.

m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised 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 capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the 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 recognised in profit or loss as other gains/(losses).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

n) Borrowing costs

Borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying assets are capitalised as a part of the cost of the assets. Other borrowing costs are recognised as expenses in the year in which they are incurred.



LUMINA DATAMATICS INC.

Notes forming part of the condensed financial statements

(All amounts are in USD unless otherwise stated)

o) Provision, Contingent Liabilities and Contingent Assets

The company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount or 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. Where 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. Contingent assets are neither recognised nor disclosed in the condensed financial statements.

p) Employee benefits

Defined Benefit Plan

Savings & Investment schemes

The company has a savings and investment plan under section 401(k) of the Internal Revenue Code of the United States of America. This is a defined contribution plan. Contributions made under the plan are charged to the consolidated statement of profit and loss in the period in which they accrue.

Restricted Stock Units

Employee Compensation in the form of stock options, granted under LDL RSU Plan 2016 have been charged to Profit & Loss Statement, based on fair value method, over the vesting period.

q) Operating cycle

Based on the nature of products activities of the company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the company has determined its operating cycle as 12 months For the purpose of classification of its assets and liabilities as current and non-current.

r) Segment reporting

The company operates in only one business segment, which is e-publishing services and one geographic segment USA.

s) Investments

Long-term investments are stated at cost of acquisition. Provision for diminution is made if such diminution is considered other than temporary. Current investments are stated at lower of cost and fair value2

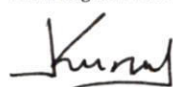
The accompanying notes forming an integral part of the financial statements

As per our attached report of even date

For Kanu Doshi Associates LLP

Chartered Accountants


Firm Registration No. 104746W/W100096



Kunal Vakharia

Partner

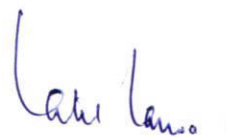
Membership No. 148916



Vidur V Bhogilal

Vice Chairman

For and on behalf of the Board



Dr. Lalit S. Kanodia

Chairman

Place : Mumbai

Dated : May 09, 2019

