Pidilite USA, Inc.

Financial Statements

March 31, 2024, and March 31, 2023

KNAV CPA LLP

Certified Public Accountants

One Lakeside Commons, Suite 850,

990 Hammond Drive NE, Atlanta, GA 30328

Table of Contents

Independent Auditor's Report

Board of Directors
Pidilite USA, Inc.

Opinion

We have audited the accompanying financial statements of Pidilite USA Inc ('the Company'), which comprise the balance sheets as of March 31, 2024, and March 31, 2023, and the related statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and March 31, 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Supplementary information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary financial information for March 31, 2024, and March 31, 2023, is presented for the purpose of additional analysis and is not a required part of the financial statements. This supplementary financial information is the responsibility of the Company's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

KNAV CPA LLP

Atlanta, Georgia
April 25, 2024

Financial Statements

Balance sheets

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

	As at March 31, 2024	As at March 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	275,472	8,161,342
Accounts receivable, net	-	2,678,685
Due from related parties	25,372	2,481
Inventories	-	4,234,229
Prepaid expenses and other current assets	-	53,355
Investment	1,746,583	50,797
Total current assets	**2,047,427**	**15,180,889**
Property and equipment, net	-	177,003
Total assets	**2,047,427**	**15,357,892**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	13,667	175,859
Due to related parties	-	45,137
Other current liabilities	40,635	953,995
Total current liabilities	**54,302**	**1,174,991**
Total liabilities	**54,302**	**1,174,991**
Stockholder's equity		
Common stock (authorized 27,000,000 common shares, $1 par value; issued and outstanding 14,780,000 common shares, $1 par value)	14,780,000	14,780,000
Accumulated deficit	(3,186,875)	(597,099)
Less: Treasury stock at cost, 12,000,000 shares as of March 31, 2024	(9,600,000)	-
Total stockholder's equity	**1,993,125**	**14,182,901**
Total liabilities and stockholder's equity	**2,047,427**	**15,357,892**

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

Statements of operations

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

	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenues, net of allowances and rebates	-	-
Less: cost of sales	-	-
Gross profit	**-**	**-**
Operating costs and expenses		
Selling, general and administrative expense	-	-
Depreciation and amortization	-	-
Total costs and expenses	**-**	**-**
Operating income	**-**	**-**
Other income, net	286,114	-
Income from operations before income tax	**286,114**	**-**
Current tax benefit	84	-
Net income from continuing operations	**286,198**	**-**
Loss from discontinued operations, net of tax	**(2,875,974)**	**(1,285,492)**
Net loss	**(2,589,776)**	**(1,285,492)**

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

Statements of stockholder's equity

For the years ended March 31, 2024, and March 31, 2023

(All amounts are stated in United States Dollars, except number of shares or unless otherwise stated)

	Common stock						
	Authorized		Issued and outstanding				
Particulars	**Shares**	**Value in US$**	**Shares**	**Value in US$**	**Accumulated (deficit)**	**Treasury stock**	**Total stockholder's equity**
Balance as on April 01, 2022	27,000,000	27,000,000	14,780,000	14,780,000	688,393	-	15,468,393
Net loss for the year	-	-	-	-	(1,285,492)	-	(1,285,492)
Balance as on March 31, 2023	**27,000,000**	**27,000,000**	**14,780,000**	**14,780,000**	**(597,099)**	**-**	**14,182,901**
Balance as on April 01, 2023	27,000,000	27,000,000	14,780,000	14,780,000	(597,099)	-	14,182,901
Purchase of treasury stock	-	-	(12,000,000)		-	(9,600,000)	(9,600,000)
Net loss for the year	-	-	-	-	(2,589,776)	-	(2,589,776)
Balance as on March 31, 2024	**27,000,000**	**27,000,000**	**2,780,000**	**14,780,000**	**(3,186,875)**	**(9,600,000)**	**1,993,125**

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

Statements of cash flows

(All amounts in United States Dollars unless otherwise stated)	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from operating activities		
Net income from continuing operations	286,198	-
Net loss from discontinuing operations	(2,875,974)	(1,285,492)
Adjustments to reconcile net loss to cash provided by operating activities		
Depreciation and amortization	21,784	135,497
Impairment of goodwill	-	70,358
Deferred tax expense	-	228,208
Allowance (write back) for doubtful accounts, net of reversal	(11,344)	13,059
Allowance (write back) for slow-moving inventory (net of inventory written off)	(516,280)	135,462
Loss on sale and disposal of property, equipment, and software	64,281	166,357
Changes in assets and liabilities		
Accounts receivable and due from related parties	2,667,136	705,056
Inventories	4,750,510	2,454,498
Prepaid expenses, other current assets, and operating lease right of use assets	53,354	319,821
Accounts payable and due to related parties	(207,329)	(1,272,889)
Other current liabilities and operating lease liabilities	(913,359)	311,993
Net cash provided by operating activities	**3,318,977**	**1,981,928**
Cash flows from investing activities		
Purchase of property and equipment	-	(2,365)
Sale of property, and equipment	90,939	60,121
Investment in government funds & certificate of deposits	(7,832,777)	-
Sale of government funds & fixed deposits	6,136,991	24,203
Net cash (used in) provided by investing activities	**(1,604,847)**	**81,959**
Cash flows from financing activities		
Purchase of treasury stock	(9,600,000)	-
Net cash used in financing activities	**(9,600,000)**	-
Net (decrease) increase in cash and cash equivalents	(7,885,870)	2,063,887
Cash and cash equivalents at the beginning of the year	8,161,342	6,097,455
Cash and cash equivalents at the end of the year	**275,472**	**8,161,342**
Supplemental cash flow information		
Income taxes refund, net	(5,429)	(120,231)

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

Notes to Financial Statements

(All amounts 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*

Pidilite USA, Inc. ("the Company") was incorporated in Delaware on May 12, 2006. The Company is a wholly owned subsidiary of Pidilite Industries Limited (parent company), a publicly listed company in India. The Company conducts business through its division Sargent Art. Sargent Art division manufactures and trades in art materials and is located in Hazleton, Pennsylvania. The Company also performs research and development (R&D) services for its parent company and charges service fees on a cost-plus mark-up basis for such services.

In September 2022, the Company discontinued its research and development services. During March 2023, the Company's management approved a plan to shut down the production activities in the Sargent Arts division, beginning April 2023, and subsequently closed the Sargent Arts division, in a phased manner.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of preparation*

The accompanying financial statements are prepared under the historical cost convention on an 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, stockholder's equity, and cash flows.

All amounts are stated in US dollars, except as otherwise specified. The financial statements are for the years from April 01, 2023, to March 31, 2024, and April 01, 2022, to March 31, 2023.

2. *Use of estimates*

In preparing the financial statements in conformity with US GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities the 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 important estimates made by the Company in preparing these financial statements include those on provision for product recall expenses, allowance for doubtful accounts receivable, inventory reserve, the useful life of property and equipment, the valuation and impairment of goodwill and other intangibles, the provision for rebates and allowances and realization of deferred taxes. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revisions in accounting estimates are recognized prospectively in the current and future periods.

3. *Going concern*

During the current year, the Company discontinued its Sargent Arts business, and a significant workforce has been terminated as a part of the shut-down plan in a phased manner. During the previous year, the Company discontinued its R&D operations in the month of September 2022. Although these events and conditions cast significant doubt on the Company's ability to continue as a going concern, the management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue to evaluate for alternative business opportunities and will continue to be in operational existence for the foreseeable future. The Parent Company will continue to support the Company as and when required by the Company.

Based on the same, these financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

4. *Cash and cash equivalents*

The Company considers all highly liquid investments and deposits, if any, with an original maturity of ninety days or less to be cash and cash equivalents. The Company maintains its cash balances in financial institutions which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash balance.

5. *Revenue recognition*

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 the sale of products that represent single performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time. Revenue from the sale of goods is shown net of provisions for estimated sales returns, consumer and trade promotions, rebates, cash discounts, promotional reserves, and other deductions. Provisions for rebates to customers are provided in the same period that the sales are recorded.

The Company accounts for free products offered to customers as the cost of sales and not netted off against revenue, based on the guidance provided in Accounting Standard Codification ("ASC") 606-10-25-1 as persuasive evidence of an arrangement does not exist.

The Company performs research and development services for its parent company and charges service fees on a cost-plus mark-up basis for such services. The service fee is invoiced at a mark-up on the operating costs incurred for providing such services.

<u>*Contract balances*</u>

The timing of revenue recognition, invoicing, and cash collections results in billed receivables, contract assets, and contract liabilities on the balance sheets. Contract assets represent sales recognized in excess of billings related to work completed but not yet billed for which revenue is recognized over time or amounts billed but not yet collected. Contract assets, whether billed or unbilled, are recorded as accounts receivables and are included in Note B. Unbilled receivables are typically generated from consulting contracts, which are billed upfront as a percentage of the total revenue, with the balance billed upon completion. Contract liabilities are customer deposits for which revenue has not been recognized. Customer deposits are recorded as other current liabilities. When consideration is received from a customer prior to transferring goods or services to the customer under the terms of a contract, a contract liability is recorded as deferred revenue. Contract liabilities are recognized as revenue after control of the goods and services are transferred to the customer and all revenue recognition criteria have been met. The Company did not have any contract assets or contract liabilities as at March 31, 2024, and March 31, 2023.

6. *Shipping and handling costs*

The Company classifies shipping and handling costs as cost of sales. Amounts billed to a customer in sales transactions related to shipping and handling are credited to shipping and handling costs.

7. *Investment*

Investment is carried at cost and comprises investment in debt securities.

8. *Expected credit losses*

Prior to the Company's adoption of Topic 326, the accounts receivable balance was reduced by an allowance for doubtful accounts that was determined based on the Company's assessment of the collectability of customer accounts. Under Topic 326, accounts receivable are recorded at the invoiced amount, net of provision for chargebacks, discounts, and others, and provision for credit loss. The Company regularly reviews the adequacy of the provision for credit loss based on a combination of factors. In establishing any required allowance, management considers historical losses adjusted for current market conditions, the current receivables aging, current payment terms, and expectations of forward-looking loss estimates. Provision for credit loss was $9,344, as of March 31, 2024, and allowance for doubtful accounts was $51,928, as of March 31, 2023, and is classified within "Accounts receivable, net" in the consolidated balance sheets. See the "Recent accounting pronouncements adopted" section below for information pertaining to the adoption of ASU 2016-13, Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments.

9. *Goodwill and intangible assets*

In accordance with ASC 350, Goodwill and Other Intangible Assets, all assets and liabilities of the acquired business including goodwill are assigned to the reporting units. The Company does not amortize goodwill but instead tests goodwill for impairment at least annually.

For goodwill impairment tests, if the carrying value of a reporting unit exceeds its fair value, the Company will measure any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Intangible assets acquired individually, with a group of other assets or in a business combination are carried at cost less accumulated amortization. The intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. The estimated useful lives of the intangible assets are as follows:

Trademark	5- 15 years
Software licenses	5 years

Payments made for non-compete covenants in a business combination are written off during the non-compete period, which is for 5 years.

10. Discontinued operation

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and that represents a separate line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statements of operations.

11. Inventories

Inventories are stated at the lower of cost or market value. Cost is determined using the weighted-average method for raw materials and packing materials, work in process, manufactured finished goods and the traded finished goods of art materials and adhesive segment, and also to determine the cost of the traded finished goods of car care products inventories. Cost in the case of raw materials, packing materials, and traded finished goods comprises the purchase price and attributable direct costs. Cost in the case of work-in-progress and manufactured finished goods comprises direct labor, material cost, and production overheads. The Company provides an allowance for slow-moving inventory based on a detailed stock aging method considering the aging of the inventory and the current market conditions.

12. Income taxes

The Company accounts for deferred taxes under the asset and 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 operations 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.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties, if any, related to uncertain tax positions within the provision for income taxes.

13. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is provided over the estimated useful life of the assets using the straight-line method. Expenditures for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost of the asset and related depreciation are eliminated from the financial records. Any gain or loss on disposition is credited or charged to income.

The estimated useful lives of assets are as follows:

Leasehold improvements	4-5 years
Machinery and equipment	7 years
Office furniture and equipment	3-5 years
Vehicles	5 years

14. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, 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.

15. Operating leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. The Company's assessment is based on: (1) whether the contract involves the use of a distinct identified asset, (2) whether the Company obtains the right to substantially all the economic benefit from the use of the asset throughout the term of the contract, and (3) whether the Company has the right to direct the use of the asset. At the inception of a lease, the consideration in the contract is allocated to each lease component based on its relative standalone price to determine the lease payments.

Leases are classified as either finance leases or operating leases. A lease is classified as an operating lease if the following criteria are not met: (1) the lease transfers ownership of the asset by the end of the lease term, (2) the lease contains an option to purchase the asset that is reasonably certain to be exercised, (3) the lease term is for a major part of the remaining useful life of the asset or (4) the present value of the lease payments equals or exceeds substantially all of the fair value of the asset.

For all leases at the lease commencement date, a right-of-use ("ROU") asset and a lease liability are recognized. The lease liability represents the present value of the lease payments under the lease. Lease liabilities are initially measured as the present value of the lease payments not yet paid, discounted using the discount rate for the lease at lease commencement. The lease liabilities are subsequently measured on an amortized cost basis. The lease liability is adjusted to reflect interest on the liability and the lease payments made during the period. Interest on the lease liability is determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability.

The ROU asset represents the right to use the leased asset for the lease term. The ROU asset for each lease initially includes the amount of the initial measurement of the lease liability adjusted for any lease payments made to the lessor at or before the commencement date, accrued lease liabilities and any lease incentives received, or any initial direct costs incurred by the Company.

The ROU asset of operating leases is subsequently measured from the carrying amount of the lease liability at the end of each reporting period and is therefore equal to the carrying amount of lease liabilities adjusted for (1) unamortized initial direct costs, (2) prepaid/(accrued) lease payments and (3) the unamortized balance of lease incentives received.

Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

Significant judgement

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Company has applied an incremental borrowing rate for the purpose of computing lease liabilities based on the rate prevailing in the United States of America. Upon the Company's adoption of ASC 842, the Company applied an incremental borrowing rate to leases existing as of April 1, 2019, the date of initial application.

16. Recently adopted accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires measurement and recognition of expected credit losses for financial assets measured at amortized cost as well as certain off-balance sheet commitments (loan commitments, standby letters of credit, financial guarantees, and other similar instruments). The Company
adopted ASU 2016-13 on January 1, 2023, using a modified retrospective approach. Results for reporting periods beginning January 1, 2023, are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The adoption of this standard did not have a material impact on the Company's consolidated financial statements

NOTE C - ACCOUNTS RECEIVABLE

The accounts receivable as at March 31, 2024, and March 31, 2023, are stated as net of allowance for doubtful accounts. Accounts receivable as at March 31, 2024, of $NIL (March 31, 2023, of $2,678,685) consist of dues from customers of the Company, representing amounts receivable on product sales. The Company maintains an allowance for doubtful accounts on all accounts receivable, based on the present and prospective financial condition of the customer and aging of accounts receivable after considering the historical experience and the current economic environment.

The movement in allowance for doubtful accounts during the year was as follows: -

	Year ended	
Particulars	**March 31, 2024**	**March 31, 2023**
Balance at the beginning of the year	51,928	38,869
Add: (Write back)/ Provision for the year, net	(11,344)	13,059
Less: Bad debts written off	(31,240)	-
Balance at the end of the year	**9,344**	**51,928**

NOTE D - INVENTORIES

Major classes of inventory are as follows:

Particulars	As at March 31, 2024	March 31, 2023
Raw materials and packing materials	-	604,345
Work in process	-	66,727
Manufactured finished goods	-	779,552
Goods in transit	-	81,006
Traded finished goods:		
Art materials	-	3,218,879
Less: Allowance for slow-moving inventory	-	(516,280)
Total	**-**	**4,234,229**

The movement in allowance for inventory during the year was as follows: -

Particulars	Year ended March 31, 2024	March 31, 2023
Balance at the beginning of the year	516,280	380,818
Add: Reserve created during the year	-	235,327
Less: Reserve write back	(516,280)	(99,865)
Balance at the end of the year	**-**	**516,280**

NOTE E - INVESTMENT

On September 29, 2014, the Company invested in convertible promissory notes of Optmed Inc., for an amount of $750,000. The conversion of these promissory notes into equity is subject to various covenants. The conversion feature also includes an option to convert at the sole discretion of the Company upon certain future events.

The provision for impairment represents the difference between the net carrying cost and the estimated selling value based on best judgment. The Company has evaluated the current business operation and the risks and uncertainties involved to determine the recoverability of the Company's remaining cost. Impairment loss, if any, is recorded separately in the statements of operations. The Company has recognized a total impairment loss as at March 31, 2024, of $675,000 (March 31, 2023: $675,000). Investment in Optmed, Inc. as at March 31, 2024, and March 31, 2023, is $50,797 and $50,797, respectively.

On May 16, 2023, and June 27, 2023, the Company invested in a certificate of deposits and a U.S. Government Market Fund, for an amount of $630,000 and $ 7,000,000, respectively. Interest income on these investments for the period is $286,114 and are re-invested. Subsequently, in March 2024, the Company sold investment in the Government Market Fund to the tune of $6,136,991. Investment in said securities as at March 31, 2024, is $1,695,786 (March 31, 2023: $NIL)

NOTE F - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Advance taxes, net of provisions	-	2,710
Prepaid expenses	-	50,645
Total	**-**	**53,355**

NOTE G - PROPERTY AND EQUIPMENT, NET

Particulars	As at March 31, 2024	As at March 31, 2023
Leasehold improvement	-	198,350
Machinery and equipment	-	3,172,183
Office furniture and equipment	-	358,167
Total	**-**	**3,728,700**
Less: Accumulated depreciation	-	(3,551,697)
Property and equipment, net	**-**	**177,003**

During the year ended March 31, 2024, the Company sold all off its tangible assets for an amount of $90,939. The gross block of sold assets was $3,728,700 and accumulated depreciation till the date of sale was $ 3,573,480 resulting in a loss on sale of these assets amounting to $64,281 which has been charged off to statements of operations (discontinued). Depreciation expense for the year is $21,784 (March 31, 2023: $133,122).

NOTE H - GOODWILL AND OTHER INTANGIBLES, NET

As at March 31, 2024

Particulars	Gross carrying amount	Accumulated amortization	Impairment/ Deletions during the year	Net carrying amount
Trademark*	770,281	(770,281)	-	-
Non-compete	50,000	(50,000)	-	-
Total	**820,281**	**(820,281)**	**-**	**-**

As at March 31, 2023

Particulars	Gross carrying amount	Accumulated amortization	Impairment/ Deletions during the year	Net carrying amount
Trademark*	770,281	(770,281)	-	-
Goodwill	70,358	-	(70,358)	-
Software licenses	-	-	-	-
Non-compete	50,000	(50,000)	-	-
Total	**890,639**	**(820,281)**	**(70,358)**	**-**

*The gross amount of trademarks includes registration and renewal costs of $51,787.

The Company amortized the non-compete covenants over the term of the non-compete, which was five years. The Company has estimated the useful life of the trademarks to be 15 years. The Company capitalizes the registration and renewal costs incurred on the trademarks and the estimated useful life of such costs have been estimated at 5 years by the Company. During the current year, the Company has written off trademarks and non-compete covenants which were fully amortized since the beginning of the previous year. Intangible amortization expense for the year is $NIL (March 31, 2023: $2,375).

NOTE I - LINE OF CREDIT

The Company had a working capital facility line of credit with a bank with a maximum permissible limit of $3,000,000 (March 31, 2023: $3,000,000). As at March 31, 2024, the Company has made withdrawals to the tune of $ NIL (March 31, 2023: $ NIL). The Company has discontinued the working capital facility line of credit during the current year.

NOTE J - LEASES

The components of lease cost for operating lease for the year ended March 31, 2024, and March 31, 2023, are summarized below:

	Year ended	
	March 31, 2024	**March 31, 2023**
Operating lease cost*	40,876	81,575
Total	**40,876**	**81,575**

*Operating lease expenses include short-term leases, variable lease costs, and leases that did not meet the capitalization requirement of the Company.

Supplemental cash flow information related to leases was as follows:

	Year ended	
	March 31, 2024	**March 31, 2023**
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	40,876	81,575
Total	**40,876**	**81,575**

NOTE K - OTHER CURRENT LIABILITIES

Other current liabilities comprise of the following:

	As at	
Particulars	**March 31, 2024**	**March 31, 2023**
Accrued expenses	23,241	257,611
Accrued salaries	14,757	54,700
Accrued taxes, net of provisions	2,637	-
Accrued vacation pay	-	162,270
Accrued severance pay	-	479,414
Total	**40,635**	**953,995**

NOTE L - REVENUE FROM CONTRACT WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

Revenue disaggregated by product line:

	Year ended	
	March 31, 2024	March 31, 2023
Product revenue (discontinued operations)	4,379,096	16,028,161
Total revenue by product line	**4,379,096**	**16,028,161**

Revenue disaggregated by the timing of recognition:

	Year ended	
	March 31, 2024	March 31, 2023
Products/ services transferred at a point in time (discontinued operations)	4,379,096	16,028,161
Total revenue by the timing of recognition	**4,379,096**	**16,028,161**

NOTE M - INCOME TAXES

For the year ended March 31, 2024, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

Income tax expense is as follows:

	For the year ended	
Particulars	March 31, 2024	March 31, 2023
State		
Current	(84)	4,716
Deferred	-	108,521
Federal		
Current	-	60,512
Deferred	-	119,687
Total tax (benefit) expense	**(84)**	**293,436**
Tax expenses allocated to:		
Continued operations:		
Current tax (benefit) expense	(84)	-
Deferred tax expense	-	-
Discontinued operations:		
Current tax expense	-	65,228
Deferred tax expense	-	228,208

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	For the year ended	
Particulars	**March 31, 2024**	**March 31, 2023**
Income tax at federal rate	(543,870)	(205,781)
State tax, net of federal effect	(71,304)	(35,190)
Return to provision	(26)	19,130
Permanent differences	399	(1,339)
Change in net operating losses (NOLs)	-	516,008
Change in valuation allowance	614,717	-
Research and development credit	-	608
Total	**(84)**	**293,436**

The following is the summary of items giving rise to deferred tax assets and liabilities:

	For the year ended	
Particulars	**March 31, 2024**	**March 31, 2023**
Deferred tax asset		
Accounts receivable	2,320	13,315
Inventory reserve	-	94,423
Net operating losses ('NOLs')	-	120,752
Impairment of investment	167,604	173,077
Accrued royalties	-	1,057
Accrued severance pay	-	122,927
Net operating losses	956,946	-
Accrued expenses	-	14,812
Charitable contribution	3,860	2,564
Total deferred tax asset	**1,130,730**	**542,927**
Deferred tax liability		
Property and equipment	-	26,915
Deferred tax liability	**-**	**26,915**
Non-current deferred tax asset, net	**1,130,730**	**516,012**
Less: Valuation allowance	**(1,130,730)**	**(516,012)**
Non-current deferred tax asset, net	**-**	**-**

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary differences become deductible. Management considers the projected future taxable income and availability of taxable temporary differences in making this assessment.

Based on the revenue projections for the future, the management believes that it is more likely that the deferred tax assets may not be realized during the foreseeable future and accordingly, a valuation allowance of $1,130,730 and $516,012 was recognized as at March 31, 2024, and March 31, 2023, respectively. No deferred tax assets were recognized as at March 31, 2024.

Accounting for uncertain tax position:

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

The tax years of 2020 through 2022 remain subject to examination by the taxing authorities for state purposes.

NOTE N - DISCONTINUED OPERATIONS

During the year ended December 31, 2024, the Company has partly discontinued its Sargent Arts and Corporate division.

	For the year ended	
	March 31, 2024	**March 31, 2023**
Revenues	4,379,096	17,027,073
Less: cost of revenues	(5,162,044)	(12,265,024)
Gross (loss) profit	**(782,948)**	**4,762,049**
Operating costs and expenses		
Selling, general and administrative expense	2,006,961	5,398,203
Depreciation and amortization	21,784	135,497
Impairment of goodwill	-	70,358
Total costs and expenses	**2,028,745**	**5,604,058**
Operating loss	**(2,811,693)**	**(842,009)**
Loss on sale of assets	(64,281)	(150,047)
Loss from operations before income tax	**(2,875,974)**	**(992,056)**
Less: tax expense on above:		
Current tax expense	-	65,228
Deferred tax expense	-	228,208
Net loss from discontinued operations	**(2,875,974)**	**(1,285,492)**

Cash flows from discontinued operations

	For the year ended	
	March 31, 2024	**March 31, 2023**
Net cash flow from operating activities	3,035,761	1,981,928
Net cash flow from investing activities	87,955	81,959

NOTE O - RELATED PARTY TRANSACTIONS

A. The following are the related parties with whom transactions have taken place during the year with the Company having closing balances:

a. Pidilite Industries Limited – parent company
b. Pidilite International Pte. Limited – associate company

B. Summary of transactions with related parties are as follows:

Particulars	Pidilite Industries Limited	Pidilite International Pte. Ltd	Total
Transactions for the year ended March 31, 2024			
Purchases inclusive of goods in transit			
Royalty expense	-	7,623	**7,623**
Expense reimbursement	214,139	-	**214,139**
Balances as at March 31, 2024			
Accounts receivable	25,372	-	**25,372**
Transactions for the year ended March 31, 2023			
Purchases inclusive of goods in transit	730,307	-	**730,307**
Royalty expense	-	29,609	**29,609**
Legal fees paid	-	4,586	**4,586**
Service fees	998,912	-	**998,912**
Expense reimbursement	2,481	-	**2,481**
Balances as at March 31, 2023			
Accounts receivable	2,481	-	**2,481**
Accounts payable	41,908	3,229	**45,137**

NOTE P - COMMITMENTS AND CONTINGENCIES

a) Employment contracts

The Company has employment agreements with key executive officers. These agreements provide for base salaries, bonus, perquisites, and fringe benefits as approved by the Board of Directors. The Company accrues for incentives payable to the key executive officers.

b) Contingencies

From time to time, the Company is engaged in certain legal matters arising in the ordinary course of business. In the opinion of management, the Company has adequate legal defenses with respect to these actions and believes that the ultimate outcomes will not have a material adverse effect on its financial statements.

NOTE Q - RETIREMENT PLANS

The Company contributes to two 401(k) plans for salaried and eligible hourly personnel. The contribution for the year ended March 31, 2024, is $17,746 (March 31, 2022: $83,923).

NOTE R - STOCKHOLDER'S EQUITY

The authorized share capital of the Company is 27,000,000 (March 31, 2023: 27,000,000 common shares) common shares of a par value of $1 each. The Company has issued 14,780,000 (March 31, 2022: 14,780,000 common shares) common shares of $1 each. Each share carries an equal voting right and is entitled to an equal share in the assets of the Company at liquidation.

Treasury stock is recorded at cost and is presented as a reduction of stockholders' equity in the accompanying financial statements. The Company repurchased 12,000,000 shares of its common stock during the year ended March 31, 2024.

NOTE S - SUBSEQUENT EVENTS

The Company has evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements are available to be issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

Appendix A – Supplementary information

(All amounts in United States Dollars unless otherwise stated)

i. **Property and equipment, net**

Particulars	Machinery and equipment	Office equipment	Leasehold improvements	Total
Gross block				
As at April 01, 2022	3,733,225	392,650	198,350	4,324,225
Additions during the year	-	2,365	-	2,365
Deletions during the year	561,042	36,847	-	597,890
As at March 31, 2023 (C)	**3,172,183**	**358,167**	**198,350**	**3,728,700**
As at April 01, 2023	3,172,183	358,167	198,350	3,728,700
Additions during the year	-	-	-	-
Deletions during the year	3,172,183	358,167	198,350	3,728,700
As at March 31, 2024 (C)	**-**	**-**	**-**	**-**
Accumulated depreciation				
As at April 01, 2022	3,233,294	369,845	192,258	3,795,397
Charge for the year	119,298	9,866	3,958	133,122
Disposal	343,038	33,784	-	376,822
As at March 31, 2023 (D)	**3,009,554**	**345,927**	**196,216**	**3,551,697**
As at April 01, 2023	3,009,554	345,927	196,216	3,551,697
Charge for the year	1,604	19,451	729	21,784
Disposal	3,011,158	365,378	196,945	3,573,481
As at March 31, 2024 (D)	**-**	**-**	**-**	**-**
Net block				
As at March 31, 2023 (C-D)	**162,629**	**12,240**	**2,134**	**177,003**
As at March 31, 2024 (C-D)	**-**	**-**	**-**	**-**

(space intentionally left blank)

ii. Goodwill and intangibles, net

Particulars	Trademark	Goodwill	Software	Non-compete	Total
Gross block					
As at April 01, 2022	770,281	70,358	44,827	50,000	935,466
Additions during the year	-	-	-	-	-
Deletions during the year	-	-	11,295	-	
As at March 31, 2023 (C)	**770,281**	**70,358**	**33,532**	**50,000**	**930,056**
As at April 01, 2023	770,281	70,358	33,532	50,000	930,056
Additions during the year	-	-	-	-	-
Deletions during the year	770,281	70,358	33,532	50,000	33,532
As at March 31, 2024 (C)	**-**	**-**	**-**	**-**	**-**
Accumulated amortization and impairment					
As at April 01, 2022	770,281	-	37,042	50,000	857,323
Charge for the year	-	-	2,375	-	2,375
Deletions during the year	-	-	5,885	-	5,885
Impairment during the year	-	70,358	-	-	70,358
As at March 31, 2023 (D)	**770,281**	**70,358**	**33,532**	**50,000**	**930,056**
As at April 01, 2023	770,281	70,358	33,531	50,000	930,056
Charge for the year	-	-	-	-	-
Deletions during the year	770,281	70,358	33,531	50,000	930,056
As at March 31, 2024 (D)	**-**	**-**	**-**	**-**	**-**
Net block					
As at March 31, 2023 (C-D)	**-**	**-**	**-**	**-**	**-**
As at March 31, 2024 (C-D)	**-**	**-**	**-**	**-**	**-**

iii. Bifurcation of inventory allowance for slow moving items

	As at	
Classes of inventory	**March 31, 2024**	**March 31, 2023**
Raw material	-	35,605
Packing material	-	72,499
Intermediate items	-	66,727
Finished goods – mfg.	-	47,047
Finished goods – trading	-	294,403
Total	**-**	**516,281**

iv. Income taxes

The following is the summary of items giving rise to deferred tax assets and liabilities:

Particulars	As at March 31, 2024	As at March 31, 2023
Tax effect of items constituting deferred tax liabilities		
Property and equipment	-	26,915
Intangible assets - goodwill	-	-
Tax effect of items constituting deferred tax liabilities	**-**	**26,915**
Tax effect of items constituting deferred tax assets		
Provision for doubtful debts	2,320	13,315
Inventory & Inventory reserve	-	94,423
Accrued royalties	-	1,057
Accrued severance pay	-	122,927
Accrued expenses	-	14,812
Research and development (R&D) credit	-	-
Impairment	167,604	173,077
Charitable contribution	3,860	2,564
Net operating losses	956,946	120,752
Tax effect of items constituting deferred tax assets	**1,130,730**	**542,927**
Total net deferred tax assets	**1,130,730**	**516,012**
Less: valuation allowance	**(1,130,730)**	**(516,012)**
Total net deferred tax assets	**-**	**-**

Movement in deferred tax liability:

Particulars	Property and equipment	Intangible assets - goodwill	Total
Balance as on April 1, 2022	**125,118**	**19,243**	**144,361**
(Charged)/Credited:			
to statements of operations	(98,203)	(19,243)	(117,446)
Balance as on March 31, 2023	**26,915**	**-**	**26,915**
(Charged)/Credited:			
to statements of operations	(26,915)	-	(26,915)
Balance as on March 31, 2024	**-**	**-**	**-**

Movement in deferred tax assets:

Particulars	Provision for doubtful debts	Inventory reserve	Charitable contribution	Net operating losses	Impairment	Accrued expense	R & D credit	Accrued royalty	Accrued severance pay	Total
Balance as on April 1, 2022	**10,631**	**104,156**	**-**	**72,511**	**184,616**	**48**	**607**	**-**	**-**	**372,569**
(Charged)/Credited:										
to statements of operations	2,684	(9,733)	2,564	48,241	(11,539)	14,764	(607)	1,057	122,927	170,358
Balance as on March 31, 2023	**13,315**	**94,423**	**2,564**	**120,752**	**173,077**	**14,812**	**-**	**1,057**	**122,927**	**542,927**
(Charged)/Credited:										
to statements of operations	(10,995)	(94,423)	1,296	836,194	(5,474)	(14,812)	-	(1,057)	(122,927)	587,803
Balance as on March 31, 2024	**2,320**	**-**	**3,860**	**956,946**	**167,603**	**-**	**-**	**-**	**-**	**1,130,730**

(space intentionally left blank)

Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Income before tax from continuing operations	(2,589,858)	(1,079,776)
Income tax expense calculated at 21% #	(543,870)	(226,753)
Effect of expenses that is non-deductible in determining taxable profit	399	401
Changes in recognized deductible temporary differences	544,248	156,183
Changes in estimates related to prior years	(3,783)	42,612
State taxes	2,922	(15,093)
Income tax benefit recognized in income or loss from continuing operations	**(84)**	**(42,650)**

#The tax rate used for March 31, 2024, and March 31, 2023, reconciliation above is the corporate federal tax rate of 21% payable by corporate entities in US on taxable profits per US tax laws.

(space intentionally left blank)