

**UNIPARTS OLSEN INC.**  
Translated Report on the annual accounts 2021/2022

Uniparts Olsen Inc.

Translated Balance Sheets as at March 31, 2022 and March 31, 2021

(Amount in INR)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C	59,98,470	24,84,759
Accounts receivable, net	D	31,25,90,674	30,65,08,741
Inventories, net	E	1,25,52,71,191	97,67,74,583
Prepaid expenses and other current assets		94,60,346	3,93,67,282
Other receivables		-	-
Due from parent	Q	10,09,92,823	3,81,89,933
<b>Total current assets</b>		<b>1,68,43,13,504</b>	<b>1,36,33,25,298</b>
Property and equipment, net	F	16,31,56,941	13,37,54,190
Capital work-in-progress		1,23,80,766	1,36,61,275
Software	G	1,06,70,822	2,39,86,982
Goodwill		52,46,49,725	50,54,40,898
<b>Total non-current assets</b>		<b>71,08,58,254</b>	<b>67,68,43,345</b>
<b>Total assets</b>		<b>2,39,51,71,758</b>	<b>2,04,01,68,643</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
<b>Current liabilities</b>			
Line of credit	I	15,42,30,838	2,39,60,356
Accounts payable		7,21,87,791	7,50,30,614
Due to related parties	Q	6,70,98,506	8,67,92,841
Current portion of long-term debt	I	2,10,10,363	1,65,83,398
Accrued expenses		5,32,58,213	4,77,58,391
Provision for taxation		8,66,20,261	-
<b>Total current liabilities</b>		<b>45,44,05,972</b>	<b>25,01,25,600</b>
<b>Non-current liabilities</b>			
Long-term debt, net of current portion	I	4,84,84,797	2,34,92,853
Deferred rent		77,50,327	64,21,107
Deferred tax liability, net	N	18,21,96,010	17,56,32,638
<b>Total non-current liabilities</b>		<b>23,84,31,134</b>	<b>20,55,46,598</b>
<b>Stockholder's equity</b>			
Common stock, \$1 @ Rs. 45.55 par value, 612,151 shares and \$1 @ Rs. 40.29 par value 612,150 shares authorized, issued and outstanding	R	5,25,47,002	5,25,47,002
Additional paid-in capital		11,69,55,658	11,64,16,023
Retained earnings		1,40,39,13,733	1,29,75,21,387
Foreign currency translation reserve		12,89,18,259	11,80,12,033
<b>Total stockholder's equity</b>		<b>1,70,23,34,652</b>	<b>1,58,44,96,445</b>
<b>Total liabilities and stockholder's equity</b>		<b>2,39,51,71,758</b>	<b>2,04,01,68,643</b>

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

**Uniparts Olsen Inc.**

**Translated Statements of income for the years ended March 31, 2022 and March 31, 2021**

**(Amount in INR )**

Particulars	Notes	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Revenue, net	L	2,96,24,28,039	2,39,82,35,311
Less: Cost of goods sold (excluding depreciation and amortization expense)		(2,50,79,14,257)	(2,30,34,54,316)
Other revenue	L	83,84,163	42,09,731
<b>Gross profit</b>		<b>46,28,97,945</b>	<b>9,89,90,726</b>
Selling, general and administration expenses		17,87,30,415	18,04,70,277
Depreciation and amortization expenses	F & G	4,17,39,480	5,32,70,537
<b>Total cost and expenses</b>		<b>22,04,69,895</b>	<b>23,37,40,814</b>
<b>Income (loss) from operations</b>		<b>24,24,28,050</b>	<b>(13,47,50,088)</b>
<b>Other income (expense)</b>			
Fire related expenses	J	-	(7,52,50,885)
Insurance claim recoveries	J	-	23,83,55,277
Interest expense	I	(29,15,427)	(56,16,390)
Amortization of gain on sale and leaseback		-	-
Reimbursement for payroll protection program loan	S	-	14,76,58,984
Other income	M	1,11,27,174	1,22,48,321
<b>Total other income (expense)</b>		<b>82,11,747</b>	<b>31,73,95,307</b>
<b>Income before income tax expense</b>		<b>25,06,39,797</b>	<b>18,26,45,219</b>
Current income tax expense	N	8,44,35,775	3,58,680
Deferred tax (benefit) expense	N	(1,09,306)	2,65,81,318
<b>Total income tax expense</b>		<b>8,43,26,469</b>	<b>2,69,39,998</b>
<b>Net income for the year</b>		<b>16,63,13,328</b>	<b>15,57,05,221</b>

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

Uniparts Olsen Inc.

Translated Statements of Stockholder's equity for the years ended 31 March 2022 and March 31, 2021

(Amount In INR)

Particulars	Common Stock				Additional paid-in capital	Retained earnings	Foreign Currency Translation Reserve	Total Stockholder's Equity
	Authorized		Issued and outstanding					
	Shares	Value	Shares	Value				
<b>Balance as at March 31, 2020</b>	<b>12,24,301</b>	<b>5,25,47,002</b>	<b>12,24,301</b>	<b>5,25,47,002</b>	<b>11,57,09,979</b>	<b>1,14,97,77,000</b>	<b>12,65,82,492</b>	<b>1,44,46,16,473</b>
Employee stock options	-	-	-	-	7,06,044	-	-	7,06,044
Net income for the year	-	-	-	-	-	15,57,05,221	-	15,57,05,221
Exchange difference	-	-	-	-	-	(79,60,834)	(85,70,459)	(1,65,31,293)
<b>Balance as at March 31, 2021</b>	<b>12,24,301</b>	<b>5,25,47,002</b>	<b>12,24,301</b>	<b>5,25,47,002</b>	<b>11,64,16,023</b>	<b>1,29,75,21,387</b>	<b>11,80,12,033</b>	<b>1,58,44,96,445</b>
Employee stock options	-	-	-	-	5,39,635	-	-	5,39,635
Net income for the year	-	-	-	-	-	16,63,13,328	-	16,63,13,328
Dividend paid	-	-	-	-	-	(7,59,30,000)	-	(7,59,30,000)
Exchange difference	-	-	-	-	-	1,60,09,018	1,09,06,226	2,69,15,244
<b>Balance as at March 31, 2022</b>	<b>12,24,301</b>	<b>5,25,47,002</b>	<b>12,24,301</b>	<b>5,25,47,002</b>	<b>11,69,55,658</b>	<b>1,40,39,13,733</b>	<b>12,89,18,259</b>	<b>1,70,23,34,652</b>

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

Uniparts Olsen Inc.

Translated Statement of Cash Flows for the years ended March 31, 2022 and March 31, 2021

(Amount in INR)

Particulars	For the year Ended March 31, 2022	For the year Ended March 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income for the year	16,63,13,328	15,57,05,221
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Depreciation and amortization	4,17,39,480	5,32,70,537
Provision for inventory and inventory written off (Refer Note E)	11,01,91,349	13,56,01,211
Provision for doubtful debts	-	(37,16,622)
Deferred income tax (benefit) expense	(1,09,306)	2,65,81,318
Provision for employee stock options	5,29,543	7,16,468
Insurance claim recovery for property and equipment	-	(16,84,71,369)
Loss on assets written off	-	73,06,236
<b>Changes in operating assets and liabilities, net</b>		
Accounts receivable	54,62,552	10,25,67,525
Inventories	(34,70,52,380)	10,61,95,591
Prepaid expenses	3,08,15,697	(2,85,31,934)
Other receivables	-	5,94,02,261
Due from parent	(6,02,04,155)	(77,82,051)
Accounts payable	(55,87,803)	(4,98,97,554)
Due to related parties	(2,25,62,820)	(12,57,19,936)
Accrued expenses	36,15,821	(8,89,93,159)
Provision for taxation	8,50,00,337	-
Insurance claim recoveries in advance	-	(4,85,13,610)
Deferred rent and deferred gain on sale and leaseback	10,64,897	10,60,895
<b>Net cash (used in) provided by operating activities</b>	<b>92,16,540</b>	<b>12,67,81,028</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(4,90,95,831)	(2,19,63,469)
Insurance claim recovery for property and equipment (including advance)	-	16,84,71,369
<b>Net cash provided by (used in) investing activities</b>	<b>(4,90,95,831)</b>	<b>14,65,07,900</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds (repayment) of bank borrowings on line of credit, net	12,69,40,675	(33,20,59,962)
Proceeds from loan obtained	4,42,66,093	-
Repayments of debt	(1,68,91,939)	(2,40,88,897)
Dividend paid	(7,45,10,000)	-
<b>Net cash provided by (used in) financing activities</b>	<b>15,43,14,829</b>	<b>(35,61,48,859)</b>
<b>Net changes in cash and cash equivalents</b>	<b>11,44,35,538</b>	<b>(8,28,59,931)</b>
Cash and cash equivalents at beginning of the year	24,84,759	5,73,03,227
Foreign currency translation reserve	(11,09,21,827)	2,80,41,463
<b>Cash and cash equivalents at the end of the year</b>	<b>59,98,470</b>	<b>24,84,759</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	30,08,714	68,22,776
Cash paid for income taxes	3,27,47,145	3,58,65,709

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

**NOTE A – ORGANIZATION AND NATURE OF OPERATIONS**

The operations of Uniparts Olsen Inc. (the “Company”) consist of machining of metal parts and components as well as purchasing of machine parts from related party and third-party vendors for resale. The Company sells its products primarily to agricultural and construction equipment manufacturers in North America on credit terms the Company establishes with each customer. The Company is a wholly owned subsidiary of Uniparts USA Ltd. (the “Parent”).

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Preparation**

- i. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States (‘US GAAP’) to reflect the financial position, results of operations and cash flows of the Company.
- ii. The financial statements are for the years April 01, 2021, to March 31, 2022, and April 01, 2020, to March 31, 2021.
- iii. Certain reclassifications have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported net income or retained earnings.

**(b) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are used in determining, among other items, accounts receivable allowance, inventory valuation (which includes allowance for obsolescence and standard labor and overhead rates capitalized in inventory), goodwill impairment, medical insurance accruals, useful lives of tangible and intangible assets, provision for warranty costs and deferred income taxes. Actual results could differ from those estimates.

**(c) Cash and Cash Equivalents**

The Company considers all highly liquid investments purchased with maturities of three months or less at the time of acquisition to be cash equivalents for financial statement purposes. Cash and cash equivalents comprise of cash in hand, checks in transit and balance with banks.

**(d) Accounts Receivable**

Accounts receivable are non-interest-bearing customer obligations due under normal trade terms, usually within 30 days of services provided. Customer account balances with invoices dated over 90 days are considered delinquent. The Company applies collections of accounts receivable to specific invoices in accordance with customer specifications, or if unspecified, to the oldest outstanding invoices.

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a history of past write-offs and collections, and current credit conditions. The Company will turn an account over for collection or write balances off as uncollectible based on the facts and circumstances of each situation. As of March 31, 2022, and March 31, 2021, the allowance for doubtful accounts totalled Rs. 3,03,720/- and Rs. 2,92,600/-, respectively.

**(e) Inventories**

Inventories, which consist primarily of construction, agricultural and forestry equipment parts and supplies are stated at the lower of cost or net realizable value and are net of an estimated allowance for obsolescence. Cost is determined using the average cost method and items are relieved from inventory on a first-in first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**Uniparts Olsen Inc.**  
**Translated Notes to the Financial Statements**  
**March 31, 2022 and March 31, 2021**

**(f) Property and Equipment**

Property and equipment are carried at cost less accumulated depreciation. Leasehold improvements are amortized over the shorter of the term of the lease or the life of the assets. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets as follows:

<b>Class of asset</b>	<b>Estimated useful life (years)</b>
Shop equipment	3-10
Office equipment	3-7
Vehicle	5
Computer equipment	3
Building	5-10
Software	3

Expenditures for maintenance and repairs are charged to expense as incurred.

**(g) Capitalized Software Costs**

The Company has developed an integrated software system and associated costs have been capitalized in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350 "Intangibles - Goodwill and Other." Upon implementation of the system, the costs are amortized over a period of three years.

**(h) Goodwill**

The Company evaluates goodwill when internal and external factors exist which indicate that the book value of goodwill could be impaired. Based on an impairment analysis, the management has assessed that goodwill is not impaired as of March 31, 2022, and March 31, 2021.

**(i) Valuation of long-lived assets**

The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no impairment assessment was required for the periods presented in the financial statements.

**(j) Fair Value of Financial Statements**

The carrying value of financial instruments including cash, accounts receivable and accounts payable approximates fair value due to the short maturity of these instruments. The carrying amounts of long-term debt approximate fair value as the interest rates used approximate current interest rates available.

**(k) Warranties**

Provisions for warranty costs are recognized at the date of sale of the relevant products, at management's best estimate of the expenditure required to settle the Company's obligation, net of warranties provided by suppliers.

**(l) Revenue recognition**

The Company has adopted FASB issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). Revenue is recognized upon transfer of control of products or services promised to customers in an amount that reflects the consideration the Company expects to receive in exchange for these products or services. Please Refer Note L "Revenue from Contracts with Customers" for further information on the Company's revenue.

The core principle of ASC 606 is that an entity recognizes 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.

**Uniparts Olsen Inc.**

**Translated Notes to the Financial Statements**

**March 31, 2022 and March 31, 2021**

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.

Revenues related to sale of products is recognized at a point in time when control of the asset is transferred to the customer based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of physical possession, the transfer of control, and acceptance by the customer. However, in case of product sales undertaken by the Company, sales are recognized when control of the products has transferred, being when the products are either picked up by customer or shipped from the warehouse, as agreed in the contract, the entity has right to payment and has transferred legal title to a customer. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated trade discounts, rebates, and allowances.

Revenue from consignment sales is recorded on a net basis as "Other revenue" under revenue from operations in the statements of income.

**(m) Shipping and Handling Cost**

The Company classifies freight billed to customers as sales revenue, which is generally included in the list price to the customer. Freight costs are considered as fulfillment cost and recorded as a cost of product revenue. The Company does not consider shipping to be a separate performance obligation.

**(n) Income Taxes**

Income taxes are provided for tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis for accounts receivable, inventory, net property and equipment, net goodwill, accrued expenses and deferred rent for financial and income tax reporting. The Company's tax obligation is combined with the activities of its Parent in a consolidated return. The income tax provisions shown in the accompanying financial statements have been determined based solely on the operations of the Company. Current and deferred taxes are allocated to the Company using the separate return method. This method allocates income taxes to each member of the consolidated group based on its apportionment. Other non-consolidated state income taxes are also computed on a separate company basis.

The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are expected to be recovered or settled. Deferred tax expense or benefit is recognized as a result of the change in the deferred tax assets or liabilities during the year.

The Company files consolidated tax returns along with its parent company in the U.S. federal jurisdiction and various states. Furthermore, the Company has no income tax related penalties or interest for the periods reported in these financial statements.

The Company has not recognized any uncertain tax positions in the financial statements as at March 31, 2022 and March 31, 2021.

**(o) Operating Leases**

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

**Uniparts Olsen Inc.**

**Translated Notes to the Financial Statements**

**March 31, 2022 and March 31, 2021**

**(p) Stock Based Compensation to Employees**

The Company accounts for stock-based compensation expense relating to equity stock options that will be settled in shares of Uniparts India Limited, ultimate parent company. The Company computes the fair value of options granted using Black Scholes option pricing model. An amount equal to such compensation expense for the year is credited to additional paid-in capital of the Company.

The Company has used guidance in ASC 718; "Compensation-Stock Compensation" to account for employee share-based payments. ASC 718 requires share-based payments to employees, including grants of employee stock options and purchases under employee stock purchase plans, to be recognized in statements of income based on their fair values.

In accordance with ASC 718, the Company recognized stock-based compensation for awards granted by the ultimate parent company, that are expected to vest on a straight-line basis over the requisite service period of the awards. In respect of awards that have a graded vesting schedule and with only service conditions, compensation cost is recognized on straight line basis over the requisite service period for each separately vesting portion of the award as if the award was-in-substance, multiple awards. In determining whether an award is expected to vest, the Company uses an estimated forfeiture rate based on historical rates. The estimated forfeiture rate is updated for actual forfeitures annually.

**(q) Retirement Benefits to Employees**

Contributions to defined contribution plans are charged to statements of income in the period in which they accrue.

**(r) Commitments and Contingencies**

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

**(s) Insurance Recoveries**

A potential insurance recovery is evaluated and accounted for separately from the related loss and does not affect the recorded amount of the loss. An asset relating to an insurance recovery is recognized only when realization of the claim is deemed probable, and only to the extent of the related loss recognized in the financial statements. Any amount expected to be recovered in excess of the recognized loss, which will result in a gain, is not recognized until any contingencies relating to the insurance claim have been resolved. A contingent gain is not recognized until realized. The recovery of a loss is generally considered probable if there is a legally enforceable contract that stipulates the terms of the insurance coverage and the terms are not in dispute.

**Uniparts Olsen Inc.**  
**Translated Notes to the Financial Statements**  
**March 31, 2022 and March 31, 2021**

**NOTE C - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of the following:

**(Amount in INR)**

<b>Particulars</b>	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
Cash in hand	25,437	8,924
Balances with banks in checking accounts	59,73,033	24,75,835
<b>Total</b>	<b>59,98,470</b>	<b>24,84,759</b>

Cash balances with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of Rs. 1,89,82,500/-

**NOTE D- ACCOUNTS RECEIVABLE**

The Company's accounts receivable primarily relate to sale of goods to outside customers. Accounts receivable comprise the following:

**(Amount in INR)**

<b>Particulars</b>	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
Receivable from customers	31,28,94,394	30,68,01,341
Less: Allowance for doubtful accounts	(3,03,720)	(2,92,600)
<b>Accounts receivable, net</b>	<b>31,25,90,674</b>	<b>30,65,08,741</b>

All the account receivable of the Company are collateralized as security against the line of credit (Refer Note I).

**NOTE E - INVENTORIES**

The composition of inventories as of March 31, 2022 is as follows:

**(Amount in INR)**

<b>Particulars</b>	<b>Total</b>	<b>Obsolescence Allowance</b>	<b>Net Amount</b>
Raw materials	16,31,88,528	(4,20,95,212)	12,10,93,316
Work-in-progress	7,47,40,101	(2,04,99,733)	5,42,40,368
Finished goods	1,02,38,91,221	(8,22,01,135)	94,16,90,086
Supplies	13,82,47,421	-	13,82,47,421
<b>Total</b>	<b>1,40,00,67,271</b>	<b>(14,47,96,080)</b>	<b>1,25,52,71,191</b>

During the year ended March 31, 2022, the Company has written off inventory worth of Rs. 4,98,79,404/- (March 31, 2021: Rs. 10,53,97,446) on account of obsolete and slow-moving inventory for discontinued projects. The inventory written off has been included under cost of goods sold in the statements of income.

The composition of inventories as of March 31, 2021 is as follows:

**(Amount in INR)**

<b>Particulars</b>	<b>Total</b>	<b>Obsolescence Allowance</b>	<b>Net Amount</b>
Raw materials	12,12,40,419	(2,48,71,000)	9,63,69,419
Work-in-process	9,79,53,921	(73,15,000)	9,06,38,921
Finished goods	70,35,63,869	(4,71,81,750)	65,63,82,119
Supplies	13,33,84,124	-	13,33,84,124
<b>Total</b>	<b>1,05,61,42,333</b>	<b>(7,93,67,750)</b>	<b>97,67,74,583</b>

All the inventories of the Company are collateralized as security against the line of credit (Refer Note I).

**Uniparts Olsen Inc.**  
**Translated Notes to the Financial Statements**  
**March 31, 2022 and March 31, 2021**

**NOTE F - PROPERTY AND EQUIPMENT, NET**

Property and equipment comprise of the following:

(Amount in INR)

Particulars	As at March 31, 2022	As at March 31, 2021
Leasehold improvements	1,76,60,331	1,59,52,771
Shop equipment	80,05,26,421	72,39,31,755
Office equipment	7,01,76,252	6,60,21,825
<b>Property and equipment, gross</b>	<b>88,83,63,004</b>	<b>80,59,06,351</b>
Accumulated depreciation	(72,52,06,063)	(67,21,52,161)
<b>Property and equipment, net</b>	<b>16,31,56,941</b>	<b>13,37,54,190</b>

Depreciation expense is Rs. 2,75,11,717/- and Rs. 3,95,63,690/- for the years ended March 31, 2022 and March 31, 2021, respectively.

All the property and equipment of the Company are collateralized as security against the line of credit (Refer Note I).

**NOTE G – SOFTWARE**

Information regarding the Company's other intangible assets acquired either individually, or with a group of other assets is as follows:

(Amount in INR)

As at March 31, 2022				
Particulars	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying amount
<b>Definite life intangibles</b>				
Software	3	4,26,83,290	(3,20,12,468)	1,06,70,822
<b>Total</b>		<b>4,26,83,290</b>	<b>(3,20,12,468)</b>	<b>1,06,70,822</b>

(Amount in INR)

As at March 31, 2021				
Particulars	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying amount
<b>Definite life intangibles</b>				
Software	3	4,11,20,541	(1,71,33,559)	2,39,86,982
<b>Total</b>		<b>4,11,20,541</b>	<b>(1,71,33,559)</b>	<b>2,39,86,982</b>

The Company's estimated annual amortization expense in future years for the intangible assets is as follows:

Year ending March 31,	(Amount in INR)
2023	1,06,70,823
2024	-
<b>Total</b>	<b>1,06,70,823</b>

The amortization expense is Rs. 1,42,27,763/- and Rs. 1,37,06,847/- for the years ended March 31, 2022 and March 31, 2021, respectively.

**Uniparts Olsen Inc.**  
**Translated Notes to the Financial Statements**  
**March 31, 2022 and March 31, 2021**

**NOTE H - RISK CONCENTRATIONS**

**Credit Risk**

The Company's financial instruments that are exposed to concentration of credit risk consist primarily of trade accounts receivable.

For the year ended March 31, 2022 and March 31, 2021, the Company's two largest customers accounted for approximately 54% and 53% of revenues, respectively. Two customers accounted for approximately 51% and 59% of net accounts receivable as of March 31, 2022 and 2021, respectively. Generally, the Company does not obtain security from its customers in support of accounts receivable. Potential losses from concentrations of credit risk with respect to trade accounts receivable are considered to be limited due to the Company's ongoing credit evaluation of its customers.

**Foreign Risk**

The Company purchases significant amount of materials from affiliates located in India. This source of materials may be subject to unpredictable changes and delays due to legal, political, and climate conditions. Refer Note Q "Related Party Transactions" for further information.

**Economic and Political Risk**

The United States government has called for substantial changes to its trade policy and, in certain instances, has enacted and assessed tariffs on specific products imported from certain foreign countries; conversely, certain foreign countries have enacted tariffs on specific products exported by U.S. based companies.

The results of discussions and negotiations among these affected countries is subject to a number of factors and the magnitude of the impact on the Company cannot be predicted with any degree of certainty. Changes in international trade agreements, regulations, restrictions, and tariffs may increase the Company's operating costs and make it more difficult to compete in the U.S. markets; as a result, its business, demand for products, financial condition and results of operations could be adversely impacted. The Company is actively monitoring the status of these discussions and market reactions.

In view of the unprecedented COVID-19 pandemic and economic forecasts, the management has assessed the recoverability of its assets including receivables & inventories. In such assessment, the Company has considered internal and external information up to the date of approval of these financial statements including economic forecasts. The Company has performed analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

**NOTE I – DEBT**

**Line of Credit**

In March 2022, the Company extended its revolving line of credit to extend the term of the line of credit till March 31, 2023 and revised the amount to Rs. 34,16,85,000. The line of credit has a variable interest rate calculated as a "floating rate" which is a "base rate" determined by adjusted SOFR plus 150 basis points, on the utilization of the line of credit. The average interest rate for the year ended March 31, 2022, and year ended March 31, 2021, was approximately 2.08% and 2.40%, respectively. The line is collateralized by substantially all assets of the Company and cross-collateralized with a term loan. This line of credit is secured by a corporate guarantee by the Parent.

The Company has drawn down Rs. 15,42,30,838 and Rs. 2,39,60,356 as of March 31, 2022, and March 31, 2021, respectively. The unutilized portion of the line of credit was Rs. 18,74,54,162 and Rs. 23,20,64,644 as of March 31, 2022 and March 31, 2021 respectively. Interest expense relating to this credit line was Rs. 20,78,457 and Rs 43,64,427 for the year ended March 31, 2022, and year ended March 31, 2021, respectively.

**Uniparts Olsen Inc.**  
**Translated Notes to the Financial Statements**  
**March 31, 2022 and March 31, 2021**

**Notes Payable**

The Company had capital expenditure non-revolving note payable facility with a bank ("Notes payable under capex line of credit"). The interest rate that is due monthly is 2.0% plus an adjusted LIBOR. The notes are collateralized by substantially all assets of the Company and secured by a corporate guarantee by the Parent. The notes payable under capex line of credit were converted to term loans under the term note agreement with varying monthly instalments and maturity dates included in the following table.

On March 29, 2021, the Company executed interim promissory note with the bank with a credit limit of Rs. 7,31,50,000/- with an original principal repayment date of March 31, 2022. As per the agreement, if the principal balance under this promissory note is not fully repaid, it shall be converted to a term loan and shall be governed by a separate term note agreement. If the principal balance is fully repaid by the original on or before the repayment date, the Company shall be required to pay prepayment fee of 5% on the principal balance repaid as described the agreement.

On March 31, 2022, the interim promissory note was converted into a term loan for a value of Rs. 4,51,09,709 to be repaid in equal instalments over a period of 60 months. The term note has a "floating rate" which is a "base rate" determined by by adjusted SOFR plus 150 basis points. The term loan is collateralized by fixed assets of the Company.

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Expenditure Non-Revolving Notes Payable:		
Note payable of Rs. 2,84,85,595/- due in monthly instalments of Rs. 4,75,018/- bearing interest at 4.85% through April 2022	4,75,018	59,49,143
Note payable of Rs. 5,75,67,317/- due in monthly instalments of Rs. 9,59,451/- bearing interest at 4.49% through April 2024	2,39,10,433	3,41,27,108
Note payable of Rs. 4,51,09,709 due in monthly installments of Rs. 7,51,859 bearing interest at SOFR+150 basis points, through March 2027	4,51,09,709	-
Less: Current portion	(2,10,10,363)	(1,65,83,398)
<b>Long-term debt, net of current portion</b>	<b>4,84,84,797</b>	<b>2,34,92,853</b>

Future annual maturities of the long-term debt:

Year ending March 31:	(Amount in INR)
2023	2,10,10,363
2024	2,05,35,344
2025	99,05,600
2026	90,21,927
2027	90,21,927
	<b>6,94,95,161</b>

**NOTE J – FIRE RELATED EXPENSES AND INSURANCE CLAIM RECOVERIES**

During October 2019, the Company had an incident of fire in the plant and suffered property damages. The Company has settled the fire insurance claim, including the equipment claim, with the insurance company under the settlement and release agreement dated October 03, 2020. The Company has recognized the claim to the extent it has been approved and received from the insurance company and related expenses have been incurred.

The Company incurred expenses related to fire amounting to Rs. Nil and Rs. 7,52,50,885/- for the year ended March 31, 2022 and March 31, 2021 respectively and has recognized insurance claim recoveries amounting to Rs. Nil and Rs. 23,83,55,277/- during the year ended March 31, 2022 and March 31, 2021, respectively.

**Uniparts Olsen Inc.**  
**Translated Notes to the Financial Statements**  
**March 31, 2022 and March 31, 2021**

**NOTE K – COMMITMENTS AND CONTINGENCIES**

**Commitments**

The Company has various operating leases and one building lease as of March 31, 2022. Total lease expense approximated Rs. 4,47,51,451/- and Rs. 4,56,31,333/- for the years ended March 31, 2022 and March 31, 2021, respectively. Under the terms of the building leases, the Company is responsible for all repairs, maintenance, insurance, real estate taxes and utilities on its respective lease.

**Future minimum lease payments as at March 31, 2022 for such non-cancellable leases are as follows:**

<b>(Amount in INR)</b>				
<b>Year ending March 31:</b>	<b>Building</b>	<b>Vehicle</b>	<b>Fork Truck</b>	<b>Total</b>
2023	3,41,24,764	41,38,641	66,58,074	<b>4,49,21,479</b>
2024	2,84,30,014	41,38,641	3,92,26,729	<b>7,17,95,384</b>
2025	2,90,93,415	13,79,572	3,54,66,523	<b>6,59,39,510</b>
Thereafter	14,53,10,962	-	14,53,10,962	<b>29,06,21,924</b>
	<b>23,69,59,155</b>	<b>96,56,854</b>	<b>22,66,62,288</b>	<b>47,32,78,297</b>

The Company has guaranteed the liabilities of Uniparts USA Ltd., its parent at the same financial institution as the debt disclosed in Note I. The guarantee is unconditional as the primary obligor and performance is required for full and prompt payment of the debt when due, whether at stated maturity, by acceleration or otherwise. The Parent's liability balance at this institution was approximately Rs. 13,66,74,000 and Rs. 15,36,15,000/- as of March 31, 2022 and March 31, 2021, respectively.

**NOTE L - REVENUE FROM CONTRACTS WITH CUSTOMERS**

The following table presents revenue disaggregated by product line:

<b>(Amount in INR)</b>		
<b>Particulars</b>	<b>For the Year ended March 31, 2022</b>	<b>For the Year ended March 31, 2021</b>
Revenue from sale of goods	2,96,24,28,039	2,39,82,35,311
<b>Total</b>	<b>2,96,24,28,039</b>	<b>2,39,82,35,311</b>

The following table presents revenue disaggregated by timing of recognition:

<b>(Amount in INR)</b>		
<b>Particulars</b>	<b>For the Year ended March 31, 2022</b>	<b>For the Year ended March 31, 2021</b>
At a point in time	2,96,24,28,039	2,39,82,35,311
<b>Total</b>	<b>2,96,24,28,039</b>	<b>2,39,82,35,311</b>

**Consignment sales**

The Company has consignment transaction with a single consignor for sale of specified goods to the customer in accordance with instructions provided by the consignor. The revenue from such transactions is recognized on a net basis, as other revenue in the statement of income. For the year ended March 31, 2022, and year ended March 31, 2021, value of sales and purchase on consignment basis is as follows:

<b>(Amount in INR)</b>		
<b>Particulars</b>	<b>For the Year ended March 31, 2022</b>	<b>For the Year ended March 31, 2021</b>
Sale of goods	4,21,85,699	2,29,96,231
Purchase of goods	(3,38,01,536)	(1,87,86,500)
<b>Other revenue</b>	<b>83,84,163</b>	<b>42,09,731</b>

**Uniparts Olsen Inc.**  
**Translated Notes to the Financial Statements**  
**March 31, 2022 and March 31, 2021**

**Contract Balances**

The Company's contracts with customers typically consist of sale of products which represent performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time.

(Amount in INR)

Particulars	As at March 31, 2022	As at March 31, 2021
Accounts receivable	30,67,44,780	31,10,34,092
<b>Total</b>	<b>30,67,44,780</b>	<b>31,10,34,092</b>

**NOTE M – OTHER INCOME**

Other income comprises of the following:

(Amount in INR)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Employee retention credit (Refer Note S)	1,11,27,174	-
Other insurance claims	-	77,89,399
Provision for doubtful debts written back	-	37,16,622
Economic injury disaster loan income (EIDL)	-	7,42,300
<b>Total</b>	<b>1,11,27,174</b>	<b>1,22,48,321</b>

**NOTE N - INCOME TAXES**

For the years ended March 31, 2022 and March 31, 2021, the Company will file consolidated federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The components of the provision for income taxes consisted of the following:

(Amount in INR)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Current taxes</b>		
Federal	4,02,74,220	6,03,787
State	4,41,61,555	(2,45,107)
	<b>8,44,35,775</b>	<b>3,58,680</b>
<b>Deferred taxes</b>		
Federal	(1,23,56,068)	2,43,90,642
State	1,22,46,762	21,90,676
	<b>(1,09,306)</b>	<b>2,65,81,318</b>
<b>Total income tax expenses</b>	<b>8,43,26,469</b>	<b>2,69,39,998</b>

**Uniparts Olsen Inc.**  
**Translated Notes to the Financial Statements**  
**March 31, 2022 and March 31, 2021**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Components of the deferred tax assets and deferred tax liabilities consist of the following amounts as of March 31:

Particulars	(Amount in INR)	
	As at March 31, 2022	As at March 31, 2021
<b>Deferred Tax Assets:</b>		
Accrued expenses	87,33,545	79,12,562
Allowance for doubtful accounts	82,004	72,711
Inventory	4,48,47,523	2,51,51,384
Deferred rent	20,95,364	15,95,109
<b>Total</b>	<b>5,57,58,436</b>	<b>3,47,31,766</b>
Less: Valuation allowance	-	-
<b>Deferred tax assets, net</b>	<b>5,57,58,436</b>	<b>3,47,31,766</b>
<b>Deferred tax liability</b>		
Goodwill	(14,18,43,922)	(12,55,62,414)
Prepaid expenses	(16,21,106)	(21,62,533)
Casualty gain deferral	(4,74,93,456)	(4,07,28,091)
Property and equipment	(4,69,95,962)	(4,19,11,366)
<b>Deferred tax liability</b>	<b>(23,79,54,446)</b>	<b>(21,03,64,404)</b>
<b>Net deferred tax liability</b>	<b>(18,21,96,010)</b>	<b>(17,56,32,638)</b>

**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 adoption of this standard had no material effect on the Company's financial position, results of operation or cash flows

The tax years of 2018 through 2020 remain subject to examination by the taxing authorities.

**NOTE O - EMPLOYEE BENEFITS**

The Company has a defined contribution plan ("the Plan") under Section 401(k) of the Internal Revenue Code which covers substantially all regular full-time employees who have attained the defined age and service requirements.

The Plan provides for employee and discretionary employer matching contributions. Employer contributions to the Plan approximated Rs. 48,49,856/- and Rs. 21,91,344/- for the years ended March 31, 2022 and March 31, 2021, respectively

The Company has elected to be self-insured for its group health and dental plan which covers all employees and their immediate families up to a maximum annual claim of Rs. 59,60,800/- per individual with an aggregate annual ceiling of approximately Rs. 8,94,12,000/-. Insurance coverage has been obtained for claims in excess of these levels.

With effect from June 01, 2020, the Company discontinued its self-insured plan and outsourced its medical and dental plan to an outside third-party vendor.

The amount of expenses relating to the Plan approximated Rs. 2,19,51,019/- and Rs. 3,44,24,459/- for the years ended March 31, 2022 and March 31, 2021, respectively.

**Uniparts Olsen Inc.**  
**Translated Notes to the Financial Statements**  
**March 31, 2022 and March 31, 2021**

**NOTE P – STOCK COMPENSATION EXPENSE**

Uniparts India Limited (“UIL”), the ultimate parent company, issued stock option incentive plans, under which the employees of the Company may subscribe to stock options. Under the plan, stock options to purchase UIL’s common stock may be granted to employees at prices not lower than fair value at the date of grant. Stock options have a maximum term of 15 years.

Activity under the plan to the extent related to employees of the Company: (Amount in INR)

Balance as on	Number of stock options	Weighted-average exercise price (INR)	Weighted average remaining contractual life (Years)	Aggregate intrinsic value
<b>March 31, 2021</b>	<b>45,000</b>	<b>52.50</b>	<b>14.04</b>	<b>14,67,459</b>
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
<b>March 31, 2022</b>	<b>45,000</b>	<b>52.50</b>	<b>13.04</b>	<b>14,67,459</b>
Granted	2,500	52.50	15.00	15,82,609
Exercised	-	-	-	-
Forfeited	-	-	-	-
<b>March 31, 2022</b>	<b>47,500</b>	<b>52.50</b>	<b>12.04</b>	<b>15,82,609</b>
<b>Options vested and exercisable</b>	<b>21,450</b>	-	-	-

The weighted average exercise price of options is Rs. 52.50 which is equivalent to \$0.74. The Company has recognized Rs. 5,29,543/- and Rs. 7,16,468/- as stock-based compensation expense for the years ended March 31, 2022 and March 31, 2021, respectively.

The following table summarizes information about the pre-tax intrinsic value of options exercised, and the weighted average grant date fair value per share of options granted.

Particulars	(Amount in INR)	
	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Intrinsic value of options exercised	-	-
Weighted average fair value of stock options granted	4,95,715	-

The grant date fair value of options has been estimated using the Black-Scholes single option pricing model with following assumptions:

Risk free interest rate	4.9% - 5.6%
Expected dividend yield	3.00%
Expected life of option in years	3.00 - 5.00
Weighted average expected volatility	46.6% - 50.3%

**Uniparts Olsen Inc.**  
**Translated Notes to the Financial Statements**  
**March 31, 2022 and March 31, 2021**

**NOTE Q - RELATED PARTY TRANSACTIONS**

The Company purchases materials from companies located in India that are affiliated through common ownership. Purchases from these related companies approximated Rs. 1,47,14,23,480/- and Rs. 89,37,29,200/- for the years ended March 31, 2022 and March 31, 2021, respectively. Additionally, there is approximately Rs. 6,70,98,506/- and Rs. 8,67,92,841/-, due to these companies for purchases of materials as of March 31, 2022 and March 31, 2021, respectively. These amounts will be paid under normal trade terms with these affiliated companies. The Company provides minimal services to the aforementioned related companies. As of March 31, 2022, and March 31, 2021 and for the years then ended, sales to these related parties and the related accounts receivable are immaterial to the financial statements.

The Company files a consolidated tax return with its Parent. Cash is advanced from the Company to the Parent to pay the Company's share of federal and state income tax liabilities. As at March 31, 2022 and March 31, 2021. The Company was due Rs. 10,09,92,823/- and Rs. 3,81,89,933/-, respectively, from the Parent for advances for income taxes made in excess of actual liabilities. These advances are non-interest bearing and are due upon demand, by the Company.

As of March 31, 2022, and March 31, 2021, parent company has provided guarantee to the Company for line of credit. The Company has provided corporate guarantee and substantially all the assets of the Company are collateralized for the notes payable by the parent.

**NOTE R - COMMON STOCK**

**Common stock**

The authorized share capital of the Company is Rs. 5,25,47,002/- comprising of 1,224,301 shares of par value \$1 each, translated at Rs. 45.55/- for 6,12,151 shares and Rs. 40.29/- for 6,12,150 shares, of which all the common stock are issued and outstanding.

**Voting**

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

**Liquidation**

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

**Dividend**

During the year ended March 31, 2022, and March 31, 2021, the Company paid dividend of Rs. 7,45,10,000/- and Rs. Nil, respectively, to its Parent, Uniparts USA Ltd.

**NOTE S – PAYCHECK PROTECTION PROGRAM**

On April 10, 2020, Uniparts USA Ltd., the parent company, received loan proceeds in the amount of Rs. Rs.15,85,34,338/- from JPMorgan Chase, N.A. (the "Loan") pursuant to the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), which was enacted on March 27, 2020. The Company is also a beneficiary of the loan. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, rent and utilities (collectively, "Qualifying Expenses").

The parent company has received forgiveness for the PPP loan during the current period based on the "Qualifying expenses" incurred during the utilization period, as per SBA guidelines. Following the guidance under International Accounting Standards ("IAS") 20 (Accounting for Government Grants and disclosure of Government Assistance), the proceeds were recognized as "Other income" for qualifying expenses amount to Rs. Nil for the year ended March 31, 2022, and Rs. 14,76,58,984/- for the year ended March 31, 2021. The related costs to which the loan relates (Qualifying expenses) are accounted for in the respective expense heads in cost of goods sold and selling, general and administrative expenses.

**Uniparts Olsen Inc.**  
**Translated Notes to the Financial Statements**  
**March 31, 2022 and March 31, 2021**

**Employee retention credit (“ERC”)**

During the year ended March 31, 2022, the Company availed benefits under the ERC scheme, established under the CARES Act. It was intended to help businesses retain their workforces and avoid layoffs during the coronavirus pandemic. It provides for a refundable tax credit against certain employment taxes of up to Rs. 3,72,550 per employee for eligible employers. It is a per employee tax credit based on a percentage of qualified wages and health insurance benefits paid to employees. In accordance with the pre-existing accounting principles as applied to PPP loan, under the provisions of International Accounting Standards (“IAS”) 20, the Company has recorded total ERC credit refund received during the year ended March 31, 2022, amounting Rs. 1,11,27,174 under other income in the statements of income.

**NOTE T - SUBSEQUENT EVENTS**

The Company evaluated all events and transactions that occurred after March 31, 2022 through July 26, 2021; the date the financial statements were available to be issued. Based upon this evaluation the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

**NOTE U - TRANSLATION OF FINANCIAL STATEMENT INTO PRESENTATION CURRENCY**

The Company's Financial Statements are prepared using its Functional Currency which is US Dollar. The same is translated into Indian Rupee in line with the requirement of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India ('SEBI') as amended in pursuance of the Securities and Exchange Board of India Act, 1992; The following Foreign Currency Exchange rates were used while translating the Financial Statements.

- i. All assets and liabilities are translated using closing foreign currency exchange rate as on the last day of relevant financial year.
- ii. All incomes and expenditures are translated using average foreign currency exchange rate of the relevant financial year.
- iii. Equity instruments i.e. paid up capital and common stock are translated using foreign currency exchange rate at the date of transaction.

Uniparts Olsen Inc.  
Supplementary Information

Translated Computation of Earnings Before Interest Expense, Income Taxes, Depreciation and Amortization (EBITDA)

March 31, 2022 and March 31, 2021

(Amount in INR)

<b>Particulars</b>	<b>For the Year ended March 31, 2022</b>	<b>For the Year ended March 31, 2021</b>
Net Income	16,63,13,328	15,57,05,221
<b>Adjustments:</b>		
Interest Expense	29,15,427	56,16,390
Income Tax Expense	8,43,26,469	2,69,39,997
Depreciation and Amortization Expense	4,17,39,480	5,32,70,537
<b>Total adjustments</b>	<b>12,89,81,376</b>	<b>8,58,26,924</b>
<b>EBITDA</b>	<b>29,52,94,704</b>	<b>24,15,32,145</b>