Uniparts Olsen Inc.

Financial statements

March 31, 2025, and March 31, 2024

KNAV CPA LLP

Certified Public Accountants

One Lakeside Commons, Suite 850

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PARTNERS BEYOND BOUNDARIES

Independent auditor's report

Board of Directors and Shareholders
Uniparts Olsen Inc.

Opinion

We have audited the financial statements of Uniparts Olsen Inc., ('the Company'), which comprise the balance sheets as of March 31, 2025, and March 31, 2024, and the related statements of income, 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, 2025, and March 31, 2024, 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 controls. 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.

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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 accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KNAV CPA LLP

Atlanta, Georgia
May 07, 2025

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Financial statements

Uniparts Olsen Inc.
Financial statements
March 31, 2025, and March 31, 2024

Balance Sheets

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

	Notes	As of March 31, 2025	As of March 31, 2024
ASSETS			
Current assets			
Cash	C	1,042,466	403,634
Accounts receivable, net	D	1,846,838	2,240,555
Inventories, net	E	12,294,382	15,482,459
Prepaid expenses and other current assets		163,465	180,246
Due from parent	Q	2,110,963	2,254,124
		17,458,114	**20,561,018**
Property and equipment, net	F	2,436,110	2,132,664
Capital work in progress		680,794	500,653
Intangible assets	G	36,218	46,680
Goodwill		6,909,650	6,909,650
Operating lease right-of-use assets	L	1,842,054	1,977,515
Advance taxes, net of provision		66,156	-
Total non-current assets		**11,970,982**	**11,567,162**
Total assets		**29,429,096**	**32,128,180**
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current liabilities			
Current portion of operating lease obligations	L	420,758	374,116
Accounts payable		832,669	909,105
Due to related parties	P	438,070	1,534,196
Current portion of long-term debt	I	118,824	130,462
Accrued expenses and other current liabilities		267,264	730,904
Provision for taxation		-	503,181
Total current liabilities		**2,077,585**	**4,181,964**
Non-current liabilities			
Long-term debt, net of current portion	I	137,618	257,435
Operating lease obligations, net of current portion	L	1,524,293	1,708,902
Deferred tax liability, net	M	2,438,825	2,190,302
Total non-current liabilities		**4,100,736**	**4,156,639**
Stockholder's equity			
Common stock - $ 1 par value, 1,224,301 shares authorized, issued and outstanding	R	1,224,301	1,224,301
Additional paid-in capital		2,720,810	2,712,737
Retained earnings		19,305,664	19,852,539
Total stockholder’s equity		**23,250,775**	**23,789,577**
Total liabilities and stockholder's equity		**29,429,096**	**32,128,180**

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

Statements of Income

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

	Notes	For the year ended March 31, 2025	March 31, 2024
Revenue, net	K	34,471,477	47,788,271
Less: Cost of goods sold (excluding depreciation and amortization expense)		(29,841,326)	(39,902,598)
Other revenue	K	68,416	69,170
Gross profit		**4,698,567**	**7,954,843**
Cost and expenses			
Selling, general and administration expenses		2,873,734	3,434,355
Depreciation and amortization expenses	F & G	471,904	418,198
		3,345,638	**3,852,553**
Income from operations		**1,352,929**	**4,102,290**
Other expense			
Interest expense	I	(20,784)	(36,786)
Loss on disposal of property and equipment		(8,934)	(2,464)
Total other expense		**(29,718)**	**(39,250)**
Income before income tax expense		**1,323,211**	**4,063,040**
Income tax expense			
Current tax expense	M	121,563	1,080,565
Deferred tax expense (benefit)	M	248,523	(138,644)
Total income tax expense		**370,086**	**941,921**
Net income for the year		**953,125**	**3,121,119**

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

Statements of Stockholder's Equity
For the year ended March 31, 2025 and March 31, 2024

(All amounts are in United States Dollars, except for number of shares)

	Common stock issued						
	Authorized		Issued and outstanding				
	Shares	Value ($)	Shares	Value ($)	Additional paid in capital	Retained earnings	Total stockholder's equity
Balance as at March 31, 2023	**1,224,301**	**1,224,301**	**1,224,301**	**1,224,301**	**2,711,703**	**19,731,420**	**23,667,424**
Employee stock options	-	-	-	-	1,034	-	1,034
Net income for the year	-	-	-	-	-	3,121,119	3,121,119
Dividend paid	-	-	-	-	-	(3,000,000)	(3,000,000)
Balance as at March 31, 2024	**1,224,301**	**1,224,301**	**1,224,301**	**1,224,301**	**2,712,737**	**19,852,539**	**23,789,577**
Employee stock options	-	-	-	-	8,073	-	8,073
Net income for the year	-	-	-	-	-	953,125	953,125
Dividend paid	-	-	-	-	-	(1,500,000)	(1,500,000)
Balance as at March 31, 2025	**1,224,301**	**1,224,301**	**1,224,301**	**1,224,301**	**2,720,810**	**19,305,664**	**23,250,775**

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

Statements of Cash Flows

(All amounts are in United States Dollar except otherwise stated)

	For the year ended March 31, 2025	For the year ended March 31, 2024
Cash flows from operating activities		
Net income for the year	**953,125**	**3,121,119**
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	471,904	418,198
Provision for inventory written back	-	(451,377)
Deferred income tax benefit	248,523	(138,644)
Employee stock options	8,073	1,034
Loss on disposal of property and equipment	8,934	2,464
Changes in operating assets and liabilities, net		
Accounts receivable, net	393,717	465,355
Inventories, net	3,188,077	1,465,108
Prepaid expenses and other current assets	16,780	(10,462)
Operating lease right-of-use assets	135,461	398,314
Due from parent	143,161	(1,295,697)
Accounts payable	(76,436)	127,634
Due to related parties	(1,096,126)	390,978
Accrued expenses and other current liabilities	(463,640)	(58,344)
Provision for taxation	(569,337)	198,447
Operating lease liabilities	(137,967)	(396,249)
Net cash provided by operating activities	**3,224,249**	**4,237,878**
Cash flows from investing activities		
Purchase of property and equipment and capital work in progress	(953,962)	(736,145)
Net cash used in investing activities	**(953,962)**	**(736,145)**
Cash flows from financing activities		
Repayment of loans	(131,455)	(270,452)
Dividend paid	(1,500,000)	(3,000,000)
Net cash used in financing activities	**(1,631,455)**	**(3,270,452)**
Net increase in cash and cash equivalents	638,832	231,281
Cash and cash equivalents, beginning of year	403,634	172,353
Cash and cash equivalents, end of year	**1,042,466**	**403,634**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	21,807	38,124
Cash paid for income taxes	691,857	882,118
Non-cash investing activity		
Increase in right-of-use asset due to new addition	333,016	-

(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 - 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 established 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 is as follows:

1 *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 of America ('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, 2024, to March 31, 2025, and April 01, 2023, to March 31, 2024.

2 *Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expected credit loss, inventory valuation (which includes allowance for obsolescence and standard labor and overhead rates capitalized in inventory), goodwill impairment, useful lives of tangible and intangible assets and deferred income taxes. Actual results could differ from those estimates.

3 *Cash*

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

4 *Accounts receivable*

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

Accounts receivable are recorded at the invoiced amount, net of allowance for credit losses. The Company regularly reviews the adequacy of the allowance for credit losses 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.

5 *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 comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the moving average method. Net realizable value is the estimated selling price less applicable selling expenses. If the carrying value exceeds net realizable amount, a write-down is recognized.

6 *Property, equipment and intangible assets*

Property, equipment and software 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:

Class of assets	**Estimated useful life (years)**
Shop equipment	3-10
Office equipment	3-7
Computer equipment	3
Software	3

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

7 *Capitalized software costs*

The Company has developed an integrated software system and associated costs. The costs are amortized over a period of three years.

8 *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, 2025, and March 31, 2024.

9 *Impairment of long-lived assets*

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

10 *Fair value of financial instruments*

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability used only when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

11 *Revenue recognition*

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 K "Revenue from Contracts with Customers" for further information on the Company's revenue.

The Company 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.

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.

Practical expedients and contract costs
The Company applies the practical expedient available under Accounting Standards Codification ("ASC") 606 that permits not to disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less. In addition, there are no unsatisfied performance obligations for contracts greater than one year. Costs incurred to obtain or fulfil a contract are not material.

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

12 *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 fulfilment cost and recorded as a cost of product revenue. The Company does not consider shipping to be a separate performance obligation.

13 *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 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, 2025 and March 31, 2024.

14 *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 entered into prior to April 01, 2022 have been accounted for under ASC 840 and were not reassessed.

Leases are classified as either finance leases or operating leases. A lease is classified as a finance lease if any one of the following criteria are 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. A lease is classified as an operating lease if it does not meet any one of the above criteria.

For all leases at the lease commencement date, a right-to-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 finance leases is subsequently measured at cost, less accumulated amortization and any accumulated impairment losses. 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 judgements

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. Upon the Company's adoption of ASC 842, the Company applied an incremental borrowing rate to leases existing as of April 01, 2022, the date of initial application.

15 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. The Company computes the fair value of options granted using Black Scholes option pricing model. An amount equal to such compensation expense for the period is credited to additional paid-in capital of the Company.

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 separate 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.

16 *Retirement benefits to employees*

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

17 *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.

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NOTE C - CASH

Cash comprise the following:

	As at	
	March 31, 2025	**March 31, 2024**
Balances with banks in checking accounts	1,042,209	403,241
Cash in hand	257	392
Total	**1,042,466**	**403,634**

Cash balances with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of $250,000.

NOTE D - ACCOUNTS RECEIVABLE, NET

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

	As at	
	March 31, 2025	**March 31, 2024**
Receivable from customers	1,850,838	2,244,555
Less: Allowance for expected credit losses	(4,000)	(4,000)
Accounts receivable, net	**1,846,838**	**2,240,555**

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, 2025, is as follows:

	Total	**Obsolescence allowance**	**Net amount**
Raw materials	2,056,200	(238,129)	1,818,071
Work-in-progress	783,995	-	783,995
Finished goods	8,325,307	(232,852)	8,092,455
Supplies	1,599,861	-	1,599,861
Total	**12,765,363**	**(470,981)**	**12,294,382**

During the year ended March 31, 2025, the Company has written off inventory of $628,129 on account of obsolete and slow-moving inventory for discontinued parts by utilising obsolescence allowance by $591,140 and remaining $36,989 (March 31, 2024: write back by $451,377) has been included under cost of goods sold in the statements of income.

The composition of inventories as of March 31, 2024, is as follows:

	Total	Obsolescence allowance	Net amount
Raw materials	1,904,725	(468,621)	1,436,104
Work-in-progress	1,104,920	-	1,104,920
Finished goods	11,878,371	(593,500)	11,284,871
Supplies	1,656,564	-	1,656,564
Total	**16,544,580**	**(1,062,121)**	**15,482,459**

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

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment, net comprises the following:

	As at	
	March 31, 2025	March 31, 2024
Leasehold improvements	309,938	262,027
Shop equipment	7,990,580	7,404,280
Office equipment	595,862	595,862
Property and equipment, gross	**8,896,380**	**8,262,169**
Less: Accumulated depreciation	(6,460,270)	(6,129,505)
Property and equipment, net	**2,436,110**	**2,132,664**

Depreciation expense is $461,442 and $412,571 for the years ended March 31, 2025, and March 31, 2024, respectively.

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

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NOTE G - INTANGIBLE ASSETS

The Company's intangible assets includes software as follows;

	As at March 31, 2025			
	Useful life	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite life intangibles				
Software	3	614,447	(578,229)	36,218
Total		**614,447**	**(578,229)**	**36,218**

	As at March 31, 2024			
	Useful life	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite life intangibles				
Software	3	614,447	(567,767)	46,680
Total		**614,447**	**(567,767)**	**46,680**

Amortization expense is $10,462 and $5,627 for the years ended March 31, 2025, and March 31, 2024, respectively.

NOTE H - RISK CONCENTRATION

Credit risk

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

For the years ended March 31, 2025, and March 31, 2024, the Company's two largest customers accounted for approximately 65% and 68% of revenues, respectively. Two customers accounted for approximately 62% and 49% of net accounts receivable as of March 31, 2025, and March 31, 2024, 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 (U.S.) 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.

NOTE I - DEBT

Line of credit

The Company has revolving line of credit of $1,500,000. The line of credit has a variable interest rate calculated as a "floating rate" which is a "base rate" determined by adjusted SOFR plus 175 basis points, on the utilization of the line of credit. 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 not drawn down any amount as of March 31, 2025, and March 31, 2024, respectively and the unutilized portion of the line of credit was $1,500,000 and $1,500,000 as of March 31, 2025 and March 31, 2024, respectively. Interest expense relating to this credit line was $36 and $193 for the years ended March 31, 2025, and March 31, 2024, respectively.

Term loan

	As at	
	March 31, 2025	**March 31, 2024**
Term loan of $758,163 due in monthly instalments of $12,636 bearing interest at 4.49% through April 2024, collateralized by substantially all assets of the Subsidiary and secured by a corporate guarantee by the Parent.	-	163,274
Term loan of $594,096 due in monthly instalments of $9,902 bearing interest at SOFR+150 basis points, through May 2027. The term loan is collateralized by fixed assets of the Subsidiary.	256,442	495,075
Less: Current portion	(118,824)	(270,457)
Long-term debt, net of current portion	**137,618**	**387,892**

The interest expenses incurred on term loans for the year ended March 31, 2025 and March 31, 2024 is $20,736 and $36,593 respectively.

Future annual maturities of the long-term debt:
Year ending March 31:

2026	118,824
2027	118,824
2028	18,794
	256,442

NOTE J – COMMITMENTS AND CONTINGENCIES

Commitments
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. As of March 31, 2025, and March 31, 2024, the parent company did not have any outstanding liabilities with the financial institution.

NOTE K - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table presents revenue disaggregated by product line:

	For the year ended	
	March 31, 2025	**March 31, 2024**
Revenue from sale of goods	34,471,477	47,788,271
Consignment sales	68,416	69,170
Total	**34,539,893**	**47,857,442**

The following table presents revenue disaggregated by timing of recognition:

	For the year ended	
	March 31, 2025	**March 31, 2024**
At a point in time	34,539,893	47,857,442
Total	**34,539,893**	**47,857,442**

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, 2025, and year ended March 31, 2024, value of sales and purchase on consignment basis is as follows:

	For the year ended	
	March 31, 2025	**March 31, 2024**
Sale of goods	431,641	557,742
Purchase of goods	(363,225)	(488,572)
Other revenue	**68,416**	**69,170**

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.

	As at	
	March 31, 2025	**March 31, 2024**
Accounts receivable	1,846,838	2,240,555
Total	**1,846,838**	**2,240,555**

NOTE L – Leases

General description of the lease

The Company has entered into noncancelable operating lease agreements related to facility, office equipment, and vehicles with varying terms.

Non-lease components: Leases that contain non-lease components are accounted for as a single component and recorded on the balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

The Company used the following policies and/or assumptions in evaluating the lease population:

Lease determination: The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. The Company has not applied the recognition and measurement requirements of ASC 842 to certain assets on lease where the management believes it to be immaterial.

Discount rate: When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

Variable payments: The Company includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments in the nature of origination fees for office equipment, machinery and equipment and therefore are not treated as a part of lease payments.

Purchase options: Certain leases include options to purchase the office equipment. The depreciable life of assets are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

Residual value guarantees, restrictions, or covenants: The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to administrative expenses on the statements of income.

The components of lease cost for operating lease for the years ended March 31, 2025 and March 31, 2024 are as follows:

	For the year ended	
	March 31, 2025	March 31, 2024
Operating lease cost	575,807	505,737
Total	**575,807**	**505,737**

The Company records operating lease cost in the statements of income within cost of goods sold.

Other information

	As at	
	March 31, 2025	March 31, 2024
Weighted -average remaining lease term -operating lease (years)	4.50	5.64
Weighted -average discount rate-operating lease	4.92%	4.62%

Supplemental cash flow information related to leases was as follows:

	For the year ended	
	March 31, 2025	March 31, 2024
Operating cash flows from operating lease	578,313	420,888
Total	**578,313**	**420,888**

Future minimum lease payments relating to operating lease are as follows:

	As at	
Within	March 31, 2025	March 31, 2024
1 year	507,112	456,006
1-2 years	514,373	387,529
2-3 years	411,510	389,790
3-4 years	401,093	401,093
5th year and onwards	334,244	735,337
Total minimum lease payments	**2,168,332**	**2,369,755**
Less: Imputed interest	223,281	286,737
Present value of minimum lease payments	**1,945,051**	**2,083,018**
Less: Current portion	420,758	374,116
Non-current lease obligations	**1,524,293**	**1,708,902**

NOTE M - INCOME TAXES

For the year ended March 31, 2025, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States of America.

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

	For the year ended	
	March 31, 2025	March 31, 2024
Current taxes		
Federal	28,368	783,777
State	93,195	296,788
	121,563	**1,080,565**
Deferred taxes		
Federal	213,766	(123,048)
State	34,757	(15,596)
	248,523	**(138,644)**
Total income tax expense	**370,086**	**941,921**

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	
	March 31, 2025	March 31, 2024
Income tax at federal rate	277,875	853,231
State tax, net of federal effect	103,824	226,265
True-up	(5,014)	(81,617)
Permanent differences	(6,600)	(68,301)
Change in tax rate	-	12,343
Total income tax expense	**370,086**	**941,921**

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, 2025, and March 31, 2024:

	As at	
	March 31, 2025	March 31, 2024
Deferred tax assets:		
Accrued expenses	53,082	156,394
Allowance for doubtful accounts	1,025	1,031
Lease liabilities	(1,815)	884
Research and development expense	97,779	137,664
Provision for rebate	-	14,074
Stock based expense	10,415	-
Inventory	193,944	369,177
Deferred tax assets	**354,430**	**679,224**

Deferred tax liability		
Goodwill	(1,770,480)	(1,780,481)
Prepaid expenses	(18,732)	(24,950)
Casualty gain deferral	(592,808)	(596,157)
Property and equipment	(411,235)	(467,939)
Deferred tax liability	**(2,793,255)**	**(2,869,527)**
Deferred tax liability, net	**(2,438,825)**	**(2,190,302)**

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 years in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment.

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 2021 through 2023 remain subject to examination by the taxing authorities.

NOTE N - EMPLOYEE BENEFITS

Defined contribution plan

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 $106,141 and $86,605 for the year ended March 31, 2025, and year ended March 31, 2024, respectively.

Health and dental plan

The amount of expenses relating to the health and dental plan for the employees approximated $414,355 and $425,566 for the year ended March 31, 2025, and year ended March 31, 2024, respectively.

NOTE O – 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. The stock options granted to Company's employees have a maximum term of 3 years from the date of vesting.

Activity under the plan to the extent related to employees of the Company:

Balance as on	Number of stock options	Weighted-average exercise price (INR)	Weighted average remaining contractual life (Years)	Aggregate intrinsic value
March 31, 2023	**47,500**	**52.50**	**11.16**	**290,303**
Granted	-	-	-	-
Exercised	45,825	52.50	-	-
Forfeited	1,675	52.50	-	-
March 31, 2024	**-**	**-**	**-**	**-**
Granted	52,286	433.90	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
March 31, 2025	**52,286**	**433.90**	**2.63**	**-**
Options vested and exercisable	**-**			

The weighted average exercise price of options is Indian Rupee 433.90 which is equivalent to $5.14. The Company has recognized $8,073 and $1,034 as stock-based compensation expense for the years ended March 31, 2025, and March 31, 2024, respectively.

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

Risk free interest rate	6.59% - 6.67%
Expected dividend yield	2.94%
Expected life of option in years	2.50 - 4.50
Weighted average expected volatility	27.51%

As of March 31, 2025, the Company had unrecognized stock-based compensation expense of approximately $54,143, which is expected to be recognized over a weighted-average remaining vesting period of approximately 2.63 years.

NOTE P - RELATED PARTY TRANSACTIONS

The Company purchases materials from companies located in India that are affiliated through common ownership. Purchases from these related companies is $14,417,358 and $22,195,360 for the year ended March 31, 2025, and year ended March 31, 2024, respectively. Additionally, amount of $438,070 and $1,534,196, due to these companies for purchases of materials as of March 31, 2025, and March 31, 2024, 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, 2025, and March 31, 2024, 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, 2025 and March 31, 2024, the Company was due $2,110,963 and $2,254,124 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, 2025, and March 31, 2024, 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 Q - STOCKHOLDER'S EQUITY

Common stock
The authorized share capital of the Company is $1,224,301 comprising of 1,224,301 shares of par value $1 each, 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, 2025, and March 31, 2024, the Company paid dividend of $1,500,000 and $3,000,000, respectively, to its Parent, Uniparts USA Ltd.

NOTE R - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2025, through 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.

Supplementary information

The Company defines EBITDA as earnings before (a) depreciation and amortization; (b) interest expense; (c) non-operating other income (expense), (net); (d) tax expense.

The computation of Earnings Before Interest Taxes Depreciation and Amortization ("EBITDA") as presented below is the responsibility of management and was derived from the audited financial statements along with the underlying accounting and other records used to prepare the financial statements.

EBITDA for the year ended March 31, 2025 and March 31, 2024 are as follows:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Net income	**953,125**	**3,121,119**
Adjustments:		
Interest expense	20,784	36,786
Income tax expense	370,086	941,921
Depreciation and amortization expense	471,904	418,198
Total adjustments	**862,774**	**1,396,905**
EBITDA	**1,815,899**	**4,518,024**