

Uniparts USA Ltd. and subsidiary

Consolidated Financial Statements

March 31, 2025, and March 31, 2024

KNAV CPA LLP

Certified Public Accountants

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America Counts on CPAs

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Independent auditor's report

To the Board of Directors,
Uniparts USA Limited

Opinion

We have audited the consolidated financial statements of Uniparts USA Limited and its subsidiary (the "Group"), which comprise the consolidated balance sheets as of March 31, 2025, and March 31, 2024, the related consolidated statements of income, stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and March 31, 2024, and the consolidated results of its operations and its consolidated 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Group 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Group'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group'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 consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, 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 consolidated financial statements as a whole.

KNAV CPA LLP

Atlanta, Georgia
May 07, 2025

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Consolidated Balance Sheets

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

ASSETS

Current assets

	Notes	As of March 31, 2025	March 31, 2024
Cash	C	1,728,540	562,828
Accounts receivable, net	D	3,502,261	4,375,884
Inventories, net	E	22,580,859	26,545,251
Prepaid expenses and other current assets		201,060	269,147
Total current assets		28,012,720	31,753,110

Property and equipment, net	F	2,645,342	2,397,021
Capital work in progress		680,794	500,653
Intangible assets	G	36,218	46,680
Goodwill		11,430,929	11,430,929
Operating lease right-of-use assets	L	2,147,440	2,514,691
Advance taxes, net of provision		423,697	-
Total non-current assets		17,364,420	16,889,974
Total assets		45,377,140	48,643,084

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities

Current portion of operating lease obligations	L	663,632	605,906
Accounts payable		1,154,760	1,010,153
Due to related parties	P	592,241	2,993,026
Current portion of long-term debt	I	122,101	136,836
Accrued expenses and other current liabilities		567,410	947,899
Provision for taxation		-	72,958
Total current liabilities		3,100,144	5,766,778

Non-current liabilities

Operating lease obligations, net of current portion	L	1,586,805	2,014,288
Long-term debt, net of current portion	I	137,618	260,781
Deferred tax liability, net	M	2,314,087	2,085,667
Total non-current liabilities		4,038,510	4,360,736

Stockholder's equity

Convertible, callable preferred stock, \$10 par value, 800,000 shares authorized, issued and outstanding	Q	8,000,000	8,000,000
Common stock, \$10 par value, 300,000 shares authorized; 2,000 shares issued and outstanding	Q	20,000	20,000
Additional paid-in capital		40,654	32,581
Retained earnings		30,177,832	30,462,989
Total stockholder's equity		38,238,486	38,515,570
Total liabilities and stockholder's equity		45,377,140	48,643,084

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

Uniparts USA Ltd. and subsidiary
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Consolidated Statements of Income

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

		For the year ended	
	Notes	March 31, 2025	March 31, 2024
Revenues, net	J	51,888,325	65,003,699
Less: Cost of goods sold (excluding depreciation and amortization expense)		(43,129,466)	(54,212,386)
Other revenue	J	68,416	69,170
Gross profit		8,827,275	10,860,483
Selling, general and administration expenses		5,315,860	6,114,676
Depreciation and amortization expenses	F & G	539,841	506,362
		5,855,701	6,621,038
Income from operations		2,971,574	4,239,445
Other income (expense)			
Interest expense	I	(23,244)	(48,436)
Gain (loss) on disposal of Property and equipment (net)		(8,934)	21,603
Other income	K	10,428	-
Total other income (expense)		(21,750)	(26,833)
Income before income tax expense		2,949,824	4,212,612
Income tax expense			
Current tax expense	M	506,561	993,102
Deferred tax expense (benefit)	M	228,420	(9,663)
Total income tax expense		734,981	983,439
Net income for the year		2,214,843	3,229,173

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

Consolidated Statement of Stockholder's Equity
For the years ended March 31, 2025 and March 31, 2024

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

	Convertible, callable preferred stock		Common stock		Additional paid in capital	Retained earnings	Total stockholders' equity
	Shares	Value (\$)	Shares	Value (\$)			
Balance as at March 31, 2023	800,000	8,000,000	2,000	20,000	31,547	31,233,816	39,285,363
Employee stock options	-	-	-	-	1,034	-	1,034
Net income for the year	-	-	-	-	-	3,229,173	3,229,173
Dividend paid	-	-	-	-	-	(4,000,000)	(4,000,000)
Balance as at March 31, 2024	800,000	8,000,000	2,000	20,000	32,581	30,462,989	38,515,570
Employee stock options	-	-	-	-	8,073	-	8,073
Net income for the year	-	-	-	-	-	2,214,843	2,214,843
Dividend paid	-	-	-	-	-	(2,500,000)	(2,500,000)
Balance as at March 31, 2025	800,000	8,000,000	2,000	20,000	40,654	30,177,832	38,238,486

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

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Consolidated Statements of Cash Flows

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

Cash flows from operating activities

	For the year ended	
	March 31, 2025	March 31, 2024
Net income	2,214,843	3,229,173
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	539,841	506,362
Employee stock options	8,073	1,034
Provision for inventory written back	-	(651,378)
Deferred tax benefit	228,420	(9,663)
(Gain) loss on disposal of property and equipment, net	8,934	(21,603)
Changes in operating assets and liabilities, net		
Accounts receivable, net	873,623	541,846
Inventories, net	3,964,392	3,451,930
Prepaid expenses and other current assets	68,087	(41,503)
Operating lease right-of-use assets	367,251	(77,473)
Accounts payable	144,607	162,932
Due to related parties	(2,400,785)	(885,524)
Accrued expenses and other current liabilities	(380,489)	(84,950)
Provision for taxation	(496,655)	(91,455)
Operating lease liabilities	(369,757)	79,538
Net cash provided by operating activities	4,770,385	6,109,266

Cash used in investing activities

Purchase of property and equipment and capital work in progress	(966,775)	(937,701)
Proceeds on disposal of property and equipment	-	33,000
Net cash used in investing activities	(966,775)	(904,701)

Cash used in financing activities

Repayment of bank borrowings on line of credit, net	-	(660,000)
Repayment of term loans	(137,898)	(275,384)
Proceeds from term loan	-	12,890
Dividend paid	(2,500,000)	(4,000,000)
Net cash used in financing activities	(2,637,898)	(4,922,494)

Net increase in cash and cash equivalents

Cash and cash equivalents, beginning of year	1,165,712	282,071
Cash and cash equivalents, end of year	562,828	280,757

Supplemental disclosure of cash flow information

Cash paid for interest	24,267	49,774
Cash paid for income taxes, net of refunds	1,077,516	1,088,310

Non-cash investing activity

Increase in right-of-use asset due to lease term modification/new addition	333,016	706,796
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(The accompanying notes are an integral part of these consolidated financial statements)

Notes to Consolidated Financial Statements

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

NOTE A - ORGANIZATION AND NATURE OF OPERATIONS

The operations of Uniparts USA Ltd. ("Parent") and its Subsidiary, Uniparts Olsen Inc. (collectively the "Company") consist of the machining of metal parts and components as well as the 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 the United States of America on credit terms the Company establishes with each customer.

Uniparts USA Ltd. is a wholly owned subsidiary of Uniparts India Limited (the "Ultimate Parent") a publicly traded entity in India.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of preparation

- i. The accompanying consolidated 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 consolidated financial position, results of operations and cash flows of the Company.
- ii. The consolidated financial statements are for the years April 01, 2024, to March 31, 2025, and April 01, 2023, to March 31, 2024.

2 Principles of consolidation

The consolidated financial statements include the accounts of Uniparts USA Ltd. (the "Parent") and its wholly owned subsidiary, Uniparts Olsen Inc. (the "Subsidiary"). All intercompany accounts and transactions have been eliminated.

3 Use of estimates

The preparation of consolidated 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 consolidated 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.

Uniparts USA Ltd. and subsidiary
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4 Cash

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 consolidated financial statement purposes. The Company's cash comprise of cash in hand, checks in transit and bank balances.

5 Accounts receivable

Accounts receivable are non-interest-bearing customer obligations due under normal trade terms, usually within 30 days of services provided.

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.

6 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.

7 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	3-5
Furniture and Fixtures	7
Vehicle	5
Software	3-5

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

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March 31, 2025, and March 31, 2024

8 Capitalized software costs

The Company has developed an integrated software system and associated costs have been capitalized. Upon implementation of the system, the costs are amortized over a period of three years.

9 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.

10 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.

11 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 consolidated 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.

The Company's financial instruments estimated fair value approximate their carrying amounts of these instruments. None of these instruments are held for trading purposes.

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12 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 J “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 consolidated statements of income.

13 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.

Uniparts USA Ltd. and subsidiary
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14 Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the consolidated financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes result primarily from temporary differences related to accounts receivable, inventory, net property and equipment, net goodwill, accrued expenses and deferred rent for financial and income tax reporting. 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 in the U.S. federal jurisdiction as well as various states. Furthermore, the Company has no income tax related penalties or interest for the years reported in these consolidated financial statements.

The Company has not recognized any uncertain tax positions in the consolidated financial statements as at March 31, 2025, and March 31, 2024.

15 Leases

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

Leases are classified as either finance leases or operating leases. A lease is classified as 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.

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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.

16 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.

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17 Retirement benefits to employees

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

18 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	1,728,283	562,436
Cash in hand	257	392
Total	1,728,540	562,828

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	3,506,261	4,379,884
Less: Allowance for expected credit loss	(4,000)	(4,000)
Accounts receivable, net	3,502,261	4,375,884

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	18,941,783	(562,852)	18,378,931
Supplies	1,599,862	-	1,599,862
Total	23,381,840	(800,981)	22,580,859

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 \$561,140 and remaining \$66,989 (March 31, 2024: write back by \$651,378) has been included under cost of goods sold in the consolidated statement of income.

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

	Total	Obsolescence allowance	Net amount
Raw materials	1,904,726	(468,621)	1,436,105
Work-in-progress	1,104,919	-	1,104,919
Finished goods	23,241,163	(893,500)	22,347,663
Supplies	1,656,564	-	1,656,564
Total	27,907,372	(1,362,121)	26,545,251

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	8,491,377	7,897,784
Computer equipment	272,341	266,822
Software	7,860	7,860
Furniture & fixtures	35,317	35,317
Vehicles	341,369	341,369
Office equipment	595,862	595,862
Property and equipment, gross	10,054,064	9,407,041
Less: Accumulated depreciation	(7,408,722)	(7,010,020)
Property and equipment, net	2,645,342	2,397,021

Depreciation expense is \$529,379 and \$500,735 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 other intangible assets includes internal-use capitalized 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		562,140	(567,767)	(5,627)

Amortization expense is \$10,462 and \$5,627 for the year 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 accounts receivable.

For the year ended March 31, 2025, and March 31, 2024, the Company's two largest customers accounted for approximately 51% and 60% of revenues, respectively. Two customers accounted for approximately 48% and 49% of 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 accounts receivable are considered to be limited due to the Company's ongoing credit evaluation of its customers.

Currency and 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 P "Related Party Transactions" for further information.

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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 \$3,000,000. 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 amounts as of March 31, 2025, and March 31, 2024, respectively and the unutilized portion of the line of credit was \$3,000,000 and \$3,000,000 as of March 31, 2025 and March 31, 2024 respectively. Interest expense relating to this credit line was \$36 and \$11,576 for the year ended March 31, 2025, and year ended March 31, 2024, respectively.

Term loan

	As at	
	March 31, 2025	March 31, 2024
Uniparts USA Ltd.		
Term loan of \$12,890 due in monthly instalments of \$567 bearing interest at 5.19%, through September 2025	3,277	9,720
Uniparts Olsen Inc.		
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.	-	12,636
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	375,261
Less: Current portion	(122,101)	(136,836)
Long-term debt, net of current portion	137,618	260,781

The interest expenses incurred on term loans for the year ended March 31, 2025 and March 31, 2024 is \$21,092 and \$36,894 respectively.

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Future annual maturities of the long-term debt:

Year ending March 31:

2026	122,101
2027	118,824
2028	18,794
	259,719

NOTE J - 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	51,888,325	65,003,699
Consignment sales	68,416	69,170
Total	51,956,741	65,072,869

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	51,956,741	65,072,869
Total	51,956,741	65,072,869

Consignment sales

The Subsidiary 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 consolidated 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, net	3,502,261	4,375,884
Total	3,502,261	4,375,884

NOTE K – OTHER INCOME

Other income comprises of the following:

	For the year ended	
	March 31, 2025	March 31, 2024
Miscellaneous income	10,428	-
Total	10,428	-

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.

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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	827,807	756,605

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

Other information

	For the year ended	
	March 31, 2025	March 31, 2024
Weighted -average remaining lease term -operating lease (years)	4.06	4.95
Weighted -average discount rate-operating lease	4.89%	4.64%

Supplemental cash flow information related to leases was as follows:

	For the year ended	
	March 31, 2025	March 31, 2024
Operating cash outflows from operating lease	830,313	754,540
Total	830,313	754,540

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

	As at	
Within	March 31, 2025	March 31, 2024
1 year	759,112	708,006
1-2 years	577,373	639,529
2-3 years	411,510	452,790
3-4 years	401,093	401,093
5 year and onwards	334,244	735,337
Total minimum lease payments	2,483,332	2,936,755
Less: Imputed interest	232,895	316,561
Present value of minimum lease payments	2,250,437	2,620,194
Less: Current portion	663,632	605,906
Non-current lease obligations	1,586,805	2,014,288

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NOTE M - INCOME TAXES

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	358,383	770,660
State	148,178	222,442
	506,561	993,102
Deferred taxes		
Federal	198,157	(31,693)
State	30,263	22,030
	228,420	(9,663)
Total income tax expense	734,981	983,439

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	619,463	892,662
State tax, net of federal effect	125,290	186,469
True-up	(15,191)	(59,114)
Permanent differences	5,419	(47,869)
Change in tax rate	-	11,291
Total income tax expense	734,981	983,439

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 of	
	March 31, 2025	March 31, 2024
Deferred tax assets:		
Accrued expenses	61,114	181,431
Allowance for expected credit loss	1,025	1,031
Lease liabilities	(1,815)	884
Research and development expense	97,779	137,664
Provision for rebate	-	14,074
Inventories	357,363	528,335
Net operating loss	10,416	1,825
Deferred tax assets	525,882	865,244

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Deferred tax liability

Goodwill	(1,770,480)	(1,780,481)
Prepaid expenses	(27,207)	(45,381)
Casualty gain deferral	(592,808)	(596,157)
Property and equipment	(449,474)	(528,892)
Deferred tax liability	(2,839,969)	(2,950,911)
Deferred tax liability, net	(2,314,087)	(2,085,667)

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 consolidated financial position, consolidated 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 \$117,487 and \$102,549 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 plan incurred by Subsidiary approximated \$414,355 and \$425,565 for the year ended March 31, 2025, and year ended March 31, 2024, respectively.

Similarly, expenses incurred by the Parent relating to the Company health and dental plan approximated \$42,235 and \$149,941 for the years ended March 31, 2025, and 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	52.5	11.16	290,303
Granted	-	-	-	-
Exercised	45,825	53	-	-
Forfeited	1,675	53	-	-
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 approximated \$24,857,136 and \$33,858,575 for the year ended March 31, 2025, and year ended March 31, 2024, respectively. Additionally, there is outstanding of \$592,241 and \$2,993,026 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 consolidated financial statements.

NOTE Q - STOCKHOLDER'S EQUITY

Convertible, callable preferred stock

All 800,000 shares of preferred stock are convertible, at the option of the holder, into shares of common stock. Each share of preferred stock may be converted into \$10 worth of common stock. The number of common shares received will be based on the fair market value of common stock on the date of the conversion. The Company, at its discretion, may call preferred stock at the rate of \$10 per share. There are 800,000 shares of preferred stock, \$10 par value, authorized, issued and outstanding as of March 31, 2025, and March 31, 2024.

Common stock

There are 300,000 shares of common stock, \$10 par value, authorized, and 2,000 shares issued and outstanding as of March 31, 2025, and March 31, 2024. Shares of common and preferred stock have identical ownership interests in the Parent.

Dividend

During the year ended March 31, 2025, and March 31, 2024, the Parent paid dividend of \$2,500,000 and \$4,000,000, respectively, to its shareholders.

NOTE R - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2025, through the date the consolidated 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 consolidated financial statements.

Supplementary information

Consolidating Schedule - Balance Sheets

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

As at March 31, 2025	Uniparts USA Ltd.	Uniparts Olsen Inc.	Total	Eliminating Adjustments	Consolidated
ASSETS					
Cash	686,074	1,042,466	1,728,540	-	1,728,540
Accounts receivable, net	1,655,771	1,846,838	3,502,609	(348)	3,502,261
Inventories, net	10,400,802	12,294,382	22,695,184	(114,325)	22,580,859
Due from parent	-	2,110,963	2,110,963	(2,110,963)	-
Prepaid expenses and other current assets	37,595	163,465	201,060	-	201,060
Total current assets	12,780,242	17,458,114	30,238,356	(2,225,636)	28,012,720
Property and equipment, net	209,232	2,436,110	2,645,342	-	2,645,342
Capital work in progress	-	680,794	680,794	-	680,794
Intangible assets	-	36,218	36,218	-	36,218
Investment in subsidiary	8,367,665	-	8,367,665	(8,367,665)	-
Goodwill	-	6,909,650	6,909,650	4,521,279	11,430,929
Operating lease right-of-use assets	305,386	1,842,054	2,147,440	-	2,147,440
Advance taxes, net of Provision	357,541	66,156	423,697	-	423,697
Total non-current assets	9,239,824	11,970,982	21,210,806	(3,846,386)	17,364,420
Total assets	22,020,066	29,429,096	51,449,162	(6,072,022)	45,377,140
LIABILITIES AND STOCKHOLDER'S EQUITY					
Current liabilities					
Current portion of operating lease obligations	242,874	420,758	663,632	-	663,632
Accounts payable	322,091	832,669	1,154,760	-	1,154,760
Due to related parties	2,265,481	438,070	2,703,551	(2,111,310)	592,241
Current portion of long-term debt	3,277	118,824	122,101	-	122,101
Accrued expenses and other current liabilities	300,146	267,264	567,410	-	567,410
Total current liabilities	3,133,869	2,077,585	5,211,454	(2,111,310)	3,100,144
Operating lease obligations, net of current portion	62,512	1,524,293	1,586,805	-	1,586,805
Long-term debt, net of current portion	-	137,618	137,618	-	137,618
Deferred tax liability, net	(124,738)	2,438,825	2,314,087	-	2,314,087
Total non-current liabilities	(62,226)	4,100,736	4,038,510	-	4,038,510
Stockholder's equity					
Convertible, callable preferred stock, \$10 par value, 800,000 shares authorized, issued and outstanding	8,000,000	-	8,000,000	-	8,000,000
Common stock, \$10 par value, 300,000 shares authorized; 2,000 shares issued and outstanding	20,000	-	20,000	-	20,000
Common stock - \$ 1 par value, 1,224,301 shares authorized, issued and outstanding	-	1,224,301	1,224,301	(1,224,301)	-
Additional paid-in capital	-	2,720,810	2,720,810	(2,680,156)	40,654
Retained earnings	10,928,423	19,305,664	30,234,087	(56,255)	30,177,832
Total stockholder's equity	18,948,423	23,250,775	42,199,198	(3,960,712)	38,238,486
Total liabilities and stockholder's equity	22,020,066	29,429,096	51,449,162	(6,072,022)	45,377,140

(See independent auditor's report)

Supplementary information

Consolidating schedule - Statements of Income

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

For the year ended March 31, 2025	Uniparts USA Ltd.	Uniparts Olsen Inc.	Combined	Eliminating Adjustments	Consolidated
Revenues, net	19,224,129	34,471,477	53,695,606	(1,807,281)	51,888,325
Less: Cost of goods sold (excluding depreciation and amortization expense)	(15,025,872)	(29,841,326)	(44,867,198)	1,737,732	(43,129,466)
Other revenue	1,500,000	68,416	1,568,416	(1,500,000)	68,416
Gross profit	5,698,257	4,698,567	10,396,824	(1,569,549)	8,827,275
Selling, general and administration expenses	2,442,126	2,873,734	5,315,860	-	5,315,860
Depreciation and amortization expenses	67,937	471,904	539,841	-	539,841
	2,510,063	3,345,638	5,855,701	-	5,855,701
Income from operations	3,188,194	1,352,929	4,541,123	(1,569,549)	2,971,574
Other (income) expense					
Interest expense	2,460	20,784	23,244	-	23,244
Gain (loss) on disposal of Property and equipment (net)	-	8,934	8,934	-	8,934
Other income	(10,428)	-	(10,428)	-	(10,428)
Total other (income) expense	(7,968)	29,718	21,750	-	21,750
Income before income tax expense	3,196,162	1,323,211	4,519,373	(1,569,549)	2,949,824
Income tax expense					
Current tax expense	384,998	121,563	506,561	-	506,561
Deferred tax expense (benefit)	(20,103)	248,523	228,420	-	228,420
Total income tax expense	364,895	370,086	734,981	-	734,981
Net income for the year	2,831,267	953,125	3,784,392	(1,569,549)	2,214,843

(See independent auditor's report)

Consolidating computations of Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

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

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 is as follows:

For the year ended March 31, 2025	Uniparts USA Ltd. (standalone)	Uniparts Olsen Inc. (standalone)	Eliminating Adjustments	Consolidated
Net income for the year	2,831,267	953,125	(1,569,549)	2,214,843
Adjustments				
Interest expense	2,460	20,784		23,244
Income tax expense	364,895	370,086		734,981
Depreciation and amortization expense	67,937	471,904		539,840
Total adjustments	435,292	862,774		1,298,066
EBITDA	3,266,559	1,815,899	(1,569,549)	3,512,909

(See independent auditor's report)