

Pidilite USA, Inc.

Financial Statements

March 31, 2023, and March 31, 2022

KNAV P.A.

Certified Public Accountants
One Lakeside Commons, Suite 850,
990 Hammond Drive NE, Atlanta, GA 30328



America Counts on CPAs

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Independent Auditor's Report

Board of Directors
Pidilite USA, Inc.

Opinion

We have audited the accompanying financial statements of Pidilite USA Inc ('the Company'), which comprise the balance sheets as of March 31, 2023, and March 31, 2022, and the related statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and March 31, 2022, 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.

Emphasis of matter

We draw your attention to Note B (3) to the financial statements, regarding preparation of the financial statements on a going concern basis for the reasons stated therein. Our opinion is not modified with respect to this matter.

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 Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary financial information for March 31, 2023, and March 31, 2022, is presented for the purpose of additional analysis and is not a required part of the financial statements. This supplementary financial information is the responsibility of the Company's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KNAV P.A.

Atlanta, Georgia
April 26, 2023

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Financial Statements

March 31, 2023, and March 31, 2022

Financial Statements

Pidilite USA, Inc. *Error! No document variable supplied.*

Financial Statements

March 31, 2023, and March 31, 2022

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

| | As at | |
|---|-----------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 8,161,342 | 6,097,455 |
| Accounts receivable, net | 2,678,685 | 3,256,093 |
| Due from related parties | 2,481 | 143,188 |
| Inventories | 4,234,229 | 6,824,189 |
| Prepaid expenses and other current assets | 53,355 | 366,751 |
| Investment | 50,797 | 75,000 |
| Total current assets | 15,180,889 | 16,762,676 |
| Property and equipment, net | 177,003 | 528,828 |
| Goodwill and other intangibles, net | - | 78,143 |
| Deferred tax assets | - | 247,451 |
| Other assets | - | 6,424 |
| Total assets | 15,357,892 | 17,623,522 |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | |
| Current liabilities | | |
| Accounts payable | 175,859 | 1,185,725 |
| Due to related parties | 45,137 | 308,160 |
| Other current liabilities | 953,995 | 642,001 |
| Total current liabilities | 1,174,991 | 2,135,886 |
| Deferred tax liability | - | 19,243 |
| Total liabilities | 1,174,991 | 2,155,129 |
| Stockholder's equity | | |
| Common stock (authorized 27,000,000 common shares, \$1 par value; issued and outstanding 14,780,000 common shares, \$1 par value) | 14,780,000 | 14,780,000 |
| Accumulated (deficit)/ surplus | (597,099) | 688,393 |
| Total stockholder's equity | 14,182,901 | 15,468,393 |
| Total liabilities and stockholder's equity | 15,357,892 | 17,623,522 |

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

Pidilite USA, Inc.Error! No document variable supplied.

Financial Statements

March 31, 2023, and March 31, 2022

Statements of operations

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

Revenues, net of allowances and rebates

16,028,161 17,237,797

Less: cost of sales

11,721,524 12,138,030

Gross profit

4,306,637 5,099,767

Operating costs and expenses

Selling, general and administrative expense

5,218,657 4,364,917

Depreciation and amortization

112,060 167,837

Impairment of goodwill

70,358 -

Total costs and expenses

5,401,075 4,532,754

Operating (loss) income

(1,094,438) 567,013

Other income, net

14,662 16,907

(Loss) income from operations before income tax

(1,079,776) 583,920

Current tax (benefit) expense

(42,650) 31,817

Deferred tax expense

295,460 66,536

Net (loss) income from continuing operations

(1,332,586) 485,567

Income from discontinued operations, net of tax

47,094 53,975

Net (loss) income

(1,285,492) 539,542

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

Pidilite USA, Inc.Error! No document variable supplied.

Financial Statements

March 31, 2023, and March 31, 2022

Statements of stockholder's equity

For the years ended March 31, 2023 and March 31, 2022

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

| Particulars | Common stock | | | | Accumulated surplus (deficit) | Total stockholder's equity |
|-------------------------------------|-------------------|-------------------|-------------------------------|-------------------|-------------------------------|----------------------------|
| | Authorized Shares | Value in US\$ | Issued and outstanding Shares | Value in US\$ | | |
| Balance as on April 01, 2021 | 27,000,000 | 27,000,000 | 14,780,000 | 14,780,000 | 148,851 | 14,928,851 |
| Net income for the year | - | - | - | - | 539,542 | 539,542 |
| Balance as on March 31, 2022 | 27,000,000 | 27,000,000 | 14,780,000 | 14,780,000 | 688,393 | 15,468,393 |
| Balance as on April 01, 2022 | 27,000,000 | 27,000,000 | 14,780,000 | 14,780,000 | 688,393 | 15,468,393 |
| Net loss for the year | - | - | - | - | (1,285,492) | (1,285,492) |
| Balance as on March 31, 2023 | 27,000,000 | 27,000,000 | 14,780,000 | 14,780,000 | (597,099) | 14,182,901 |

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

Pidilite USA, Inc. *Error! No document variable supplied.*

Financial Statements

March 31, 2023, and March 31, 2022

Statements of cash flows*(All amounts in United States Dollars unless otherwise stated)*

| | For the year ended | |
|--|---------------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Cash flow from operating activities | | |
| Net (loss) income | (1,285,492) | 539,542 |
| Adjustments to reconcile net (loss) income to cash provided by operating activities | | |
| Depreciation and amortization | 135,497 | 257,181 |
| Impairment of goodwill | 70,358 | - |
| Deferred tax expense | 228,208 | 133,860 |
| Allowance (write back) for doubtful accounts, net of reversal | 13,059 | (109,546) |
| Allowance (written back) for slow moving inventory (net of inventory written off) | 135,462 | (391,059) |
| Loss (profit) on sale and disposal of property, equipment and software | 166,357 | (6,000) |
| Changes in assets and liabilities | | |
| Accounts receivable and due from related parties | 705,056 | 1,088,445 |
| Inventories | 2,454,498 | 447,843 |
| Prepaid expenses, other current assets, and operating lease right of use assets | 319,821 | 92,093 |
| Accounts payable and due to related parties | (1,272,889) | (156,218) |
| Other current liabilities and operating lease liabilities | 311,996 | (332,222) |
| Net cash provided by operating activities | 1,981,928 | 1,563,919 |
| Cash flow from investing activities | | |
| Purchase of property and equipment | (2,365) | (14,130) |
| Sale of property, and equipment | 60,121 | 6,000 |
| Return from investments | 24,203 | - |
| Net cash provided by (used in) investing activities | 81,959 | (8,130) |
| Net increase in cash and cash equivalents | 2,063,887 | 1,555,789 |
| Cash and cash equivalents at the beginning of the year | 6,097,455 | 4,541,666 |
| Cash and cash equivalents at the end of the year | 8,161,342 | 6,097,455 |
| Supplemental cash flow information | | |
| Income taxes (refund)/ paid, net | (120,231) | 200,473 |

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

Notes to Financial Statements

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Business description

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The accompanying financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (“US GAAP”) to reflect the financial position, results of operations, stockholder’s equity, and cash flows.

All amounts are stated in US dollars, except as otherwise specified. The financial statements are for the years from April 01, 2022, to March 31, 2023, and April 01, 2021, to March 31, 2022.

2. Use of estimates

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

3. *Going concern*

During the current year, the Company discontinued its R&D operations in the month of September 2022 and in March 2023, the Company planned and approved the closure of Sargent Arts business in a phased manner. Furthermore, significant workforce will be terminated as a part of the shut-down plan in a phased manner. However, the management of the Company has the intention to keep the Company operative over the next 12 months, from the date these financial statements are available to be issued.

4. *Cash and cash equivalents*

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

5. *Revenue recognition*

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Company's products or services. Revenue is measured as the amount of consideration, the Company expects to receive, in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

The Company's contracts with customers are comprised of purchase orders along with standard terms and conditions. These contracts with customers typically consist of sale of products which represent single performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time. Revenue from sale of goods is shown net of provisions for estimated sales returns, consumer and trade promotions, rebates, cash discounts, promotional reserve, and other deductions. Provisions for rebates to customers are provided in the same period that the sales are recorded.

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

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

Contract balances

The timing of revenue recognition, invoicing and cash collections results in billed receivables, contract assets and contract liabilities on the balance sheets. Contract assets represent sales recognized in excess of billings related to work completed but not yet billed for which revenue is recognized over time or amounts billed but not yet collected. Contract assets, whether billed or unbilled, are recorded as accounts receivables and are included in Note B. Unbilled receivables are typically generated from consulting contracts, which are billed upfront as a percentage of the total

revenue, with the balance billed upon completion. Contract liabilities are customer deposits for which revenue has not been recognized. Customer deposits are recorded as other current liabilities. When consideration is received from a customer prior to transferring goods or services to the customer under the terms of a contract, a contract liability is recorded as deferred revenue. Contract liabilities are recognized as revenue after control of the goods and services are transferred to the customer and all revenue recognition criteria have been met.

6. Shipping and handling costs

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

7. Investment

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

8. Allowance for doubtful accounts

The Company maintains an allowance for doubtful accounts using aging method i.e., longer an account balance is overdue, the less likely is the recoverability of the receivable. The Company applies a percentage overdue balance of receivable aging. Allowance for doubtful debts is included in selling, general and administrative expenses in the statements of operations.

9. Goodwill and intangible assets

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

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

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

| | |
|-------------------|-------------|
| Trademark | 5- 15 years |
| Software licenses | 5 years |

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

10. Discontinued operation

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

11. Inventories

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

12. Income taxes

The Company accounts for deferred taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period of change. Based on management's judgment, the measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits for which it is more likely than not that some portion or all of such benefits will not be realized.

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

13. Property and equipment

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

The estimated useful lives of assets are as follows:

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

14. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

15. Operating leases

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

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

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

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

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

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

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Financial Statements

March 31, 2023, and March 31, 2022

Significant judgement

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

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

NOTE C - ACCOUNTS RECEIVABLE

The accounts receivable as at March 31, 2023, and March 31, 2022, are stated as net of allowance for doubtful accounts. Accounts receivable as at March 31, 2023 of \$2,678,685 (March 31, 2022 of \$3,256,093) consist of dues from customers of the Company, representing amounts receivable on product sales. The Company maintains an allowance for doubtful accounts on all accounts receivable, based on present and prospective financial condition of the customer and ageing of accounts receivable after considering historical experience and the current economic environment.

All the receivables are pledged as security for line of credit with a bank.

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

| Particulars | Year ended | |
|--|-----------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Balance at the beginning of the year | 38,869 | 154,076 |
| Add: Provision for the year, net of reversal | 13,059 | (109,546) |
| Less: Bad debts written off | - | (5,661) |
| Balance at the end of the year | 51,928 | 38,869 |

NOTE D - INVENTORIES

Major classes of inventory are as follows:

| Particulars | As at | |
|---|-----------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Raw materials and packing materials | 604,345 | 1,451,066 |
| Work in process | 66,727 | 157,427 |
| Manufactured finished goods | 779,552 | 920,622 |
| Goods in transit | 81,006 | 1,592,400 |
| Traded finished goods: | | |
| Art materials | 3,218,879 | 3,083,492 |
| Less: Allowance for slow moving inventory | (516,280) | (380,818) |
| Total | 4,234,229 | 6,824,189 |

Pidilite USA, Inc.Error! No document variable supplied.

Financial Statements

March 31, 2023, and March 31, 2022

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

| Particulars | Year ended | |
|---|-----------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Balance at the beginning of the year | 380,818 | 771,877 |
| Add: Reserve created during the year | 235,327 | 146,185 |
| Less: Reserve write back | (99,865) | (104,338) |
| Less: Inventory written off during the year | - | (432,906) |
| Balance at the end of the year | 516,280 | 380,818 |

All the inventories are pledged as security against the line of credit with a bank.

NOTE E - INVESTMENT

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

The provision for impairment represents the difference between the net carrying cost and the estimated selling value based on best judgement. The Company has evaluated the current business operation and the risk and uncertainties involved to determine recoverability of the Company's remaining cost. Impairment loss, if any, is recorded separately in the statements of operations. The Company has recognized a total impairment loss as at March 31, 2023 of \$675,000 (March 31, 2022: \$675,000). Investment as at March 31, 2023 and March 31, 2022 is \$ 50,797 and \$ 75,000, respectively. During the year, the Company has received \$24,203, from this investment

NOTE F - PREPAID EXPENSES AND OTHER CURRENT ASSETS

| Particulars | As at | |
|----------------------------------|-----------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Advance to vendors | - | 85,831 |
| Advance taxes, net of provisions | 2,710 | 199,867 |
| Prepaid expenses | 50,645 | 77,819 |
| Other assets | - | 3,234 |
| Total | 53,355 | 366,751 |

NOTE G - PROPERTY AND EQUIPMENT, NET

Property and equipment comprise the following:

| Particulars | As at | |
|------------------------------------|-----------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Leasehold improvement | 198,350 | 198,350 |
| Machinery and equipment | 3,172,183 | 3,733,225 |
| Office furniture and equipment | 358,167 | 392,650 |
| Total | 3,728,700 | 4,324,225 |
| Less: Accumulated depreciation | (3,551,697) | (3,795,397) |
| Property and equipment, net | 177,003 | 528,828 |

Pidilite USA, Inc. Error! No document variable supplied.

Financial Statements

March 31, 2023, and March 31, 2022

The carrying amounts of all tangible/intangible assets are pledged as security against the line of credit with the bank.

During the year ended March 31, 2023, the Company has sold off its tangible assets related to R&D division for an amount of \$60,121. The gross block of sold assets was \$597,890 and accumulated depreciation till the date of sale was \$376,822 resulting in a loss on sale of these assets amounting to \$160,947 which has been charged off to statements of operations. This loss is split into \$1,648 in continuing operations and \$159,299 in discontinued operations.

Depreciation expense for the year is \$133,122 (March 31, 2022: \$243,017) out of which \$112,060 (March 31, 2022: \$167,837) pertains to continuing operations and \$21,062 (March 31, 2022: \$89,344) pertains to discontinued operations.

NOTE H - GOODWILL AND OTHER INTANGIBLES, NET

Goodwill and other intangibles comprise the following:

As at March 31, 2023

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

As at March 31, 2022

| Particulars | Gross carrying amount | Accumulated amortization | Impairment/ Deletions during the year | Net carrying amount |
|--------------------|------------------------------|---------------------------------|--|----------------------------|
| Trademark* | 770,281 | (770,281) | - | - |
| Goodwill | 70,358 | - | - | 70,358 |
| Software licenses | 44,827 | (37,042) | - | 7,785 |
| Non-compete | 50,000 | (50,000) | - | - |
| Total | 935,466 | (857,323) | - | 78,143 |

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

**During the current year, the Company has impaired its entire goodwill amounting to \$70,358.

*** During the year ended, software licenses have been disposed of at \$ NIL resulting in a loss amounting to \$5,410 which has been charged off to statements of operations during the current year.

The Company amortized the non-compete covenants over the term of the non-compete, which was five years.

The Company has estimated the useful life of the trademarks to be 15 years. The Company capitalizes the registration and renewal costs incurred on the trademarks and the estimated useful life of such costs have been estimated at 5 years by the Company.

Intangible amortization expense for the year is \$ 2,375 (March 31, 2022: \$ 14,164).

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Financial Statements

March 31, 2023, and March 31, 2022

NOTE I - LINE OF CREDIT

The Company has a working capital facility line of credit with a bank with a maximum permissible limit of \$3,000,000 (March 31, 2022: \$3,000,000). As at March 31, 2023, the Company has made withdrawals to the tune of \$ NIL (March 31, 2022: \$ NIL). Interest on the line of credit is payable at Secured Overnight Financing Rate (SOFR) plus 1.95% per annum, calculated at monthly intervals. As of March 31, 2023, the applicable rate of interest on the outstanding line of credit was 2.4% per annum (March 31, 2022: 2.4% per annum).

The line of credit to the extent of \$3,000,000 is secured against all property and equipment, receivables, inventory, and other assets. Total interest expense on the line of credit for the year ended March 31, 2023, is \$ NIL (March 31, 2022: \$ NIL). Interest is payable on a monthly basis and the line of credit is repayable on demand.

NOTE J - LEASES

The components of lease cost for operating lease for the year ended March 31, 2023, and March 31, 2022, are summarized below:

| | Year ended | |
|-----------------------|-----------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Operating lease cost* | 81,575 | 110,664 |
| Total | 81,575 | 110,664 |

*Operating lease expense include short-term leases, variable lease costs and leases which did not meet the capitalization requirement of the Company. Other information is as follows:

| | |
|--|---|
| Weighted-average remaining lease term—operating leases | - |
| Weighted-average discount rate—operating leases | - |

Supplemental cash flow information related to leases was as follows:

| | Year ended | |
|--|-----------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating cash flows from operating leases | 81,575 | 113,957 |
| Total | 81,575 | 113,957 |

NOTE K - OTHER CURRENT LIABILITIES

Other current liabilities comprise of the following:

| | As at | |
|-----------------------|-----------------------|-----------------------|
| Particulars | March 31, 2023 | March 31, 2022 |
| Accrued expenses | 257,611 | 230,180 |
| Accrued salaries | 54,700 | 91,290 |
| Advance from customer | - | 84,657 |
| Bonus payable | - | 33,441 |
| Accrued vacation pay | 162,270 | 202,433 |
| Accrued severance pay | 479,414 | - |
| Total | 953,995 | 642,001 |

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Financial Statements

March 31, 2023, and March 31, 2022

NOTE L - REVENUE FROM CONTRACT WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

Revenue disaggregated by product line:

| | Year ended | |
|--------------------------------------|-------------------|-------------------|
| | March 31, 2023 | March 31, 2022 |
| Product revenue | 16,028,161 | 17,237,797 |
| Service revenue | - | - |
| Total revenue by product line | 16,028,161 | 17,237,797 |

Revenue disaggregated by timing of recognition:

| | Year ended | |
|---|-------------------|-------------------|
| | March 31, 2023 | March 31, 2022 |
| Products/ services transferred at a point in time | 16,028,161 | 17,237,797 |
| Products/ services transferred over time | - | - |
| Total revenue by timing of recognition | 16,028,161 | 17,237,797 |

NOTE M - INCOME TAXES

For the year ended March 31, 2023, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

Income tax expense is as follows:

| Particulars | For the year ended | |
|--------------------------|--------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| State | | |
| Current | 4,716 | 40,027 |
| Deferred | 108,521 | 40,528 |
| Federal | | |
| Current | 60,512 | 23,984 |
| Deferred | 119,687 | 93,332 |
| Total tax expense | 293,436 | 197,871 |

Tax expenses allocated to:

Continued operations:

| | | |
|-------------------------------|----------|--------|
| Current tax (benefit) expense | (42,650) | 31,817 |
| Deferred tax expense | 295,460 | 66,536 |

Discontinued operations:

| | | |
|-------------------------------|----------|--------|
| Current tax (benefit) expense | 107,878 | 32,194 |
| Deferred tax expense | (67,252) | 67,324 |

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

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Financial Statements

March 31, 2023, and March 31, 2022

| Particulars | For the year ended | |
|---------------------------------------|---------------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Income tax at federal rate | (205,781) | 155,580 |
| State tax, net of federal effect | (35,190) | 77,082 |
| Return to provision | 19,130 | 15,459 |
| Permanent differences | (1,339) | 933 |
| Change in net operating losses (NOLs) | 516,008 | - |
| Research and development credit | 608 | (51,183) |
| Total | 293,436 | 197,871 |

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

| Particulars | For the year ended | |
|--|---------------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Deferred tax asset | | |
| Accounts receivable | 13,315 | 10,631 |
| Inventory reserve | 94,423 | 104,156 |
| Net operating losses ("NOLs") | 120,752 | 72,511 |
| Impairment of investment | 173,077 | 184,616 |
| Accrued royalties | 1,057 | 48 |
| Accrued severance pay | 122,927 | - |
| Research and development (R&D) credit | - | 607 |
| Accrued Expenses | 14,812 | - |
| Charitable contribution | 2,564 | - |
| Total | 542,927 | 372,569 |
| Less: Valuation allowance | - | - |
| Total deferred tax asset | 542,927 | 372,569 |
| Deferred tax liability | | |
| Property and equipment | 26,915 | 125,118 |
| Deferred tax liability | 26,915 | 125,118 |
| Non-current deferred tax asset, net | 516,012 | 247,451 |
| Less: Valuation allowance | (516,012) | - |
| Non-current deferred tax asset, net | - | 247,451 |
| Deferred tax liability | | |
| Goodwill | - | (19,243) |
| Non-current deferred tax liability | - | (19,243) |

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

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

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Financial Statements

March 31, 2023, and March 31, 2022

During the year the R&D division of the company has discontinued its operations. Out of the total deferred tax assets of \$516,012 and \$228,208 portion of deferred tax assets, the assets relating to discontinued operations is \$ NIL and deferred tax liabilities of \$ (67,253) for the year ended March 31, 2023, and March 31, 2022, respectively.

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 2019 through 2021 remain subject to examination by the taxing authorities for state purpose.

NOTE N - DISCONTINUED OPERATIONS

During the year ended March 31, 2023, the Company has discontinued its research and development division.

| | For the year ended | |
|---|---------------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Revenues | 998,912 | 1,688,414 |
| Less: cost of revenues | 543,500 | 1,273,203 |
| Gross profit | 455,412 | 415,211 |
| Operating costs and expenses | | |
| Selling, general and administrative expense | 179,546 | 172,375 |
| Depreciation and amortization | 23,437 | 89,344 |
| Total costs and expenses | 202,983 | 261,719 |
| Operating income | 252,429 | 153,492 |
| Loss on sale of assets | (164,709) | - |
| Income from operations before income tax | 87,720 | 153,492 |
| Less: tax expense on above: | | |
| Current tax expense | 107,878 | 32,194 |
| Deferred tax (benefit) expense | (67,252) | 67,324 |
| Net income from discontinued operations | 47,094 | 53,975 |
| Cash flows from discontinued operations | | |
| | For the year ended | |
| | March 31, 2023 | March 31, 2022 |
| Net cash flow from operating activities | 389,775 | 240,651 |
| Net cash flow from investing activities | 60,120 | - |

NOTE O - RELATED PARTY TRANSACTIONS

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

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

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

| Particulars | Pidilite Industries Limited | Pidilite International Pte. Ltd | Total |
|--|--|--|------------------|
| <u>Transactions for the year ended March 31, 2023</u> | | | |
| Purchases inclusive of goods in transit | 730,307 | - | 730,307 |
| Royalty expense | - | 29,609 | 29,609 |
| Legal fees paid | - | 4,586 | 4,586 |
| Service fees | 998,912 | - | 998,912 |
| Expense reimbursement | 2,481 | - | 2,481 |
| <u>Balances as at March 31, 2023</u> | | | |
| Accounts receivable | 2,481 | - | 2,481 |
| Accounts payable | 41,908 | 3,229 | 45,137 |
| <u>Transactions for the year ended March 31, 2022</u> | | | |
| Purchases inclusive of goods in transit | 928,690 | - | 928,690 |
| Royalty expense | - | 31,052 | 31,052 |
| Legal fees paid | - | 4,318 | 4,318 |
| Service fees | 1,688,414 | - | 1,688,414 |
| Expense reimbursement | 51,000 | - | 51,000 |
| <u>Balances as at March 31, 2022</u> | | | |
| Accounts receivable | 143,188 | - | 143,188 |
| Accounts payable | 308,160 | - | 308,160 |
| Other receivable | - | 174 | 174 |

NOTE P - COMMITMENTS AND CONTINGENCIES

a) Employment contracts

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

b) Contingencies

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

NOTE Q - RETIREMENT PLANS

The Company contributes to two 401(k) plans for salaried and eligible hourly personnel. The contribution for the year ended March 31, 2023, is \$ 83,923 (March 31, 2022: \$ 102,324).

NOTE R - CONCENTRATION RISK

The Company has concentration risk in respect of the region in which it operates, which is the USA.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. To reduce its credit risk, the Company performs ongoing credit evaluations of customers. The Company concentrates its revenue with two customers which accounted for 27% and 9% revenues for the years ended March 31, 2023, and 22% and 11% revenues for the years ended March 31, 2022. The Company's two customers accounted for 50% and 12% of the accounts receivable as at March 31, 2023, and 33% and 13% as at March 31, 2022.

NOTE S - STOCKHOLDER'S EQUITY

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

NOTE T - SUBSEQUENT EVENTS

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

Appendix A – Supplementary information

(All amounts in United States Dollars unless otherwise stated)

| i. Particulars | <u>Property and equipment, net</u> | | | | |
|-----------------------------------|------------------------------------|-------------------------|-------------------------------|-----------------|------------------|
| | <u>Machinery and equipment</u> | <u>Office equipment</u> | <u>Leasehold improvements</u> | <u>Vehicles</u> | <u>Total</u> |
| Gross block | | | | | |
| As at April 01, 2021 | 3,748,342 | 382,026 | 198,350 | 23,465 | 4,352,183 |
| Additions during the year | 3,506 | 10,624 | - | - | 14,130 |
| Deletions during the year | 18,623 | - | - | 23,465 | 42,088 |
| As at March 31, 2022 (C) | 3,733,225 | 392,650 | 198,350 | - | 4,324,225 |
| As at April 01, 2022 | 3,733,225 | 392,650 | 198,350 | - | 4,324,225 |
| Additions during the year | - | 2,365 | - | - | 2,365 |
| Deletions during the year | 561,042 | 36,847 | - | - | 597,890 |
| As at March 31, 2023 (C) | 3,172,183 | 358,167 | 198,350 | - | 3,728,700 |
| Accumulated depreciation | | | | | |
| As at April 01, 2021 | 3,030,948 | 354,949 | 185,107 | 23,465 | 3,594,469 |
| Charge for the year | 220,969 | 14,896 | 7,151 | - | 243,016 |
| Disposal | 18,623 | - | - | 23,465 | 42,088 |
| As at March 31, 2022 (D) | 3,233,294 | 369,845 | 192,258 | - | 3,795,397 |
| As at April 01, 2022 | 3,233,294 | 369,845 | 192,258 | - | 3,795,397 |
| Charge for the year | 119,298 | 9,866 | 3,958 | - | 133,122 |
| Disposal | 343,038 | 33,784 | - | - | 376,822 |
| As at March 31, 2023 (D) | 3,009,554 | 345,927 | 196,216 | - | 3,551,697 |
| Net block | | | | | |
| As at March 31, 2022 (C-D) | 499,931 | 22,805 | 6,092 | - | 528,828 |
| As at March 31, 2023 (C-D) | 162,629 | 12,240 | 2,134 | - | 177,003 |

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Financial Statements

March 31, 2023, and March 31, 2022

ii. **Goodwill and intangibles, net**

| Particulars | Trademark | Goodwill | Software | Non- complete | Total |
|--|----------------|---------------|---------------|------------------|----------------|
| Gross block | | | | | |
| As at April 01, 2021 | 770,281 | 70,358 | 44,827 | 50,000 | 935,466 |
| Additions during the year | - | - | - | - | - |
| Deletions during the year | - | - | - | - | - |
| As at March 31, 2022 (C) | 770,281 | 70,358 | 44,827 | 50,000 | 935,466 |
| As at April 01, 2022 | 770,281 | 70,358 | 44,827 | 50,000 | 935,466 |
| Additions during the year | - | - | - | - | - |
| Deletions during the year* | - | - | 11,295 | - | - |
| As at March 31, 2023 (C) | 770,281 | 70,358 | 33,532 | 50,000 | 930,056 |
| Accumulated amortization and impairment | | | | | |
| As at April 01, 2021 | 760,433 | - | 32,725 | 50,000 | 843,158 |
| Charge for the year | 9,848 | - | 4,317 | - | 14,165 |
| Disposal | - | - | - | - | - |
| As at March 31, 2022 (D) | 770,281 | - | 37,042 | 50,000 | 857,323 |
| As at April 01, 2022 | 770,281 | - | 37,042 | 50,000 | 857,323 |
| Charge for the year | - | - | 2,375 | - | 2,375 |
| Deletions during the year* | - | - | 5,885 | - | 5,885 |
| Impairment during the year | - | 70,358 | - | - | 70,358 |
| As at March 31, 2023 (D) | 770,281 | 70,358 | 33,532 | 50,000 | 930,056 |
| Net block | | | | | |
| As at March 31, 2022 (C-D) | - | 70,358 | 7,785 | - | 78,143 |
| As at March 31, 2023 (C-D) | - | - | - | - | - |

*During the current year, software pertaining to R&D division has been disposed off for \$ NIL resulting in a loss on disposal amounting to \$ 5,410 which has been charged off to statements of operations during the current year.

iii. **Bifurcation of inventory allowance for slow moving items**

| Classes of inventory | As at | |
|--------------------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Raw material | 35,605 | 57,505 |
| Packing material | 72,499 | 102,400 |
| Intermediate items | 66,727 | 64,739 |
| Finished goods – mfg. | 47,047 | 40,783 |
| Finished goods – trading | 294,403 | 115,391 |
| Total | 516,281 | 380,818 |

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Financial Statements

March 31, 2023, and March 31, 2022

iv. Income taxes

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

| Particulars | As at | |
|--|-----------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Tax effect of items constituting deferred tax liabilities | | |
| Property and equipment | 26,915 | 125,118 |
| Intangible assets - goodwill | - | 19,243 |
| Tax effect of items constituting deferred tax liabilities | 26,915 | 144,361 |
| Tax effect of items constituting deferred tax assets | | |
| Provision for doubtful debts | 13,315 | 10,631 |
| Inventory & Inventory reserve | 94,423 | 104,156 |
| Accrued royalties | 1,057 | 48 |
| Accrued severance pay | 122,927 | - |
| Accrued expenses | 14,812 | - |
| Research and development (R&D) credit | - | 607 |
| Impairment | 173,077 | 184,616 |
| Charitable contribution | 2,564 | - |
| Net operating losses | 120,752 | 72,511 |
| Tax effect of items constituting deferred tax assets | 542,927 | 372,569 |
| Total net deferred tax assets | 516,012 | 228,208 |
| Less: valuation allowance | (516,012) | - |
| Total net deferred tax assets | - | 228,208 |

Movement in deferred tax liability:

| Particulars | Property and equipment | Intangible assets - goodwill | ASC 842 adjustment | Total |
|-------------------------------------|-------------------------------|-------------------------------------|---------------------------|----------------|
| Balance as on April 1, 2021 | 183,652 | 18,503 | 1,264 | 203,419 |
| (Charged)/Credited: | | | | |
| to statements of operations | (58,534) | 741 | (1,264) | (59,057) |
| Balance as on March 31, 2022 | 125,118 | 19,243 | - | 144,361 |
| (Charged)/Credited: | | | | |
| to statements of operations | (98,203) | (19,243) | - | (117,446) |
| Balance as on March 31, 2023 | 26,915 | - | - | 26,915 |

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Financial Statements

March 31, 2023, and March 31, 2022

Movement in deferred tax assets:

| Particulars | Provision for doubtful debts | Inventory reserve | Intangibles other than goodwill | Accrued vacation | Charitable contribution | Net operating losses | Impair ment | Accrued expense | R & D credit | Accrue d royalty | Accrued severan ce pay | Total |
|--|---------------------------------------|----------------------|---------------------------------------|---------------------|----------------------------|----------------------------|----------------|--------------------|--------------------|------------------------|------------------------------|-----------|
| Balance as on April 1, 2021 (Charged)/Credit ed: | 40,970 | 205,247 | (194) | 47,637 | - | 92,340 | 179,487 | - | - | | | 565,487 |
| to statements of operations | (30,339) | (101,091) | 194 | (47,637) | - | (19,829) | 5,129 | 48 | 607 | | | (192,918) |
| Balance as on March 31, 2022 (Charged)/Credit ed: | 10,631 | 104,156 | - | - | - | 72,511 | 184,616 | 48 | 607 | - | - | 372,569 |
| to statements of operations | 2,684 | (9,733) | - | - | 2,564 | 48,241 | (11,539) | 14,764 | (607) | 1,057 | 122,927 | 170,358 |
| Balance as on March 31, 2023 | 13,315 | 94,423 | - | - | 2,564 | 120,752 | 173,077 | 14,812 | - | 1,057 | 122,927 | 542,927 |

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Financial Statements

March 31, 2023, and March 31, 2022

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

| Particulars | Year ended | |
|--|-----------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Income before tax from continuing operations | (1,079,776) | 583,920 |
| Income tax expense calculated at 21% # | (226,753) | 122,623 |
| Effect of expenses that is non-deductible in determining taxable profit | 401 | 1,697 |
| Changes in recognized deductible temporary differences | 156,183 | (93,941) |
| Changes in estimates related to prior years | 42,612 | 38,950 |
| Research and development credit | | (50,575) |
| State taxes | (15,093) | 13,063 |
| Income tax expense recognized in income or loss from continuing operations | (42,650) | 31,817 |

#The tax rate used for March 31, 2023, and March 31, 2022, reconciliation above is the corporate federal tax rate of 21% payable by corporate entities in US on taxable profits per US tax laws.

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