

**MOTHERSON TECHNOLOGY SERVICES USA LIMITED
(Erstwhile MSID U.S., INC)
FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2024 & 2023
(AUDIT)**

INDEPENDENT AUDITOR'S REPORT



Certified Public Accountants

MOTHERSON TECHNOLOGY SERVICES USA LIMITED
(Erstwhile MSID U.S., INC)
FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2024 & 2023
(AUDIT)

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Motherson Technology Services USA Limited.
18 E 41st Street, 17th Floor
New York, NY 10016

We have audited the accompanying financial statements of Motherson Technology Services USA Limited (erstwhile MSID U.S., INC.) (the "Company"), which comprise the balance sheet as of March 31, 2024 & 2023, and the related statements of income and retained earnings, and cash flows for the period then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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



CERTIFIED PUBLIC ACCOUNTANTS

Hicksville, NY

May 14, 2024



MOTHERSON TECHNOLOGY SERVICES USA LIMITED
(Erstwhile MSID U.S., INC)
BALANCE SHEET
AS OF March 31, 2024, & MARCH 31, 2023

	2024	2023
<u>ASSETS</u>		
CURRENT ASSETS		
Cash & cash equivalents	170,480	258,560
Accounts receivable	1,009,053	886,665
Less: Provision for doubtful debts	126,457	104,808
Other Loan & Advances	829,734	789,183
Less: Provision for doubtful advances	829,734	789,183
Prepaid Expenses	12,544	8,000
Security Deposit	4,855	4,855
Prepaid Taxes	52,398	52,398
Work in Progress	110,462	99,088
	1,233,335	1,204,758
FIXED ASSETS		
Computer Networking Equipments	111,602	111,602
Less: Depreciation	111,602	111,602
Net	-	-
Right of Use of Assets under ASC 742	86,305	-
Less: Amortisation of Right of Use of Assets	56,367	-
Net	29,938	-
Deferred Tax Assets	62,423	-
TOTAL ASSETS	\$ 1,325,696	\$ 1,204,758
 <u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable Group Companies	997,570	1,021,427
Accounts payable Other	368,822	258,666
Accrued expenses & taxes	149,298	291,200
Lease Liability under ASC 742	30,465	-
Interest Payable	111,598	17,842
ICD Received - Motherston Technology Services UK Limited	1,340,000	1,050,000
Deferred Revenue	3,400	5,782
	\$ 3,001,153	\$ 2,644,917
 STOCKHOLDER'S EQUITY		
Capital Stock-Authorized, Issued and Outstanding	1,000	1,000
Retained Earnings	(1,676,457)	(1,441,159)
	(1,675,457)	(1,440,159)
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	\$ 1,325,696	\$ 1,204,758

See Independent auditor's report and accompanying notes to financial statements.

MOTHERSON TECHNOLOGY SERVICES USA LIMITED
(erstwhile MSID U.S., INC)
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2024 &
THE YEAR ENDED MARCH 31, 2023

	<u>2024</u>	<u>2023</u>
<u>INCOME</u>		
Sales & Service	4,900,520	\$ 5,661,069
	<u>\$ 4,900,520</u>	<u>\$ 5,661,069</u>
Less:		
Software Development and support charges	3,669,274	4,261,210
	<u>\$ 1,231,246</u>	<u>\$ 1,399,859</u>
Operating profit	39,093	\$ 11,214
Other Misc. Receipts		
Total Income	<u>\$ 1,270,339</u>	<u>\$ 1,411,073</u>
<u>SELLING, ADMINISTRATIVE AND GENERAL EXPENSES</u>		
Selling, Administration and Selling Expenses	<u>\$ 1,511,223</u>	<u>\$ 2,742,367</u>
Total operating expenses	1,511,223	2,742,367
Profit from Operation before Depreciation & Taxes	<u>(240,884)</u>	<u>(1,331,294)</u>
Depreciation and amortization	56,367	8,831
Profit from Operation before Taxes	<u>(297,251)</u>	<u>(1,340,125)</u>
Provision for income taxes and deferred Tax	(61,953)	360
Profit after income taxes	<u>(235,298)</u>	<u>(1,340,485)</u>
Retained earnings - beginning	<u>(1,441,159)</u>	<u>(100,674)</u>
	(1,676,457)	(1,441,159)
Dividend distributions	<u>-</u>	<u>-</u>
Retained earnings - ending	<u>\$ (1,676,457)</u>	<u>\$ (1,441,159)</u>

See Independent auditor's report and accompanying notes to financial statements.

MOTHERSON TECHNOLOGY SERVICES USA LIMITED
(Erstwhile MSID U.S., INC)
STATEMENT OF CASH FLOWS
FOR YEAR ENDED MARCH 31, 2024 &
THE YEAR ENDED MARCH 31, 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Net Profit from operations	(235,298)	(1,340,485)
Adjustments to reconcile net profit to net cash used in operating activities:		
Depreciation and amortization	56,367	8,831
Increase (decrease) in cash flows as a result of changes in asset and liability account balances:		
Accounts receivable	(100,739)	(49,736)
Sundry creditors	86,299	263,299
Prepaid Taxes and expenses	(4,544)	(20,890)
Accrued expenses and taxes	(141,902)	123,019
Income received in advance	-	(7,704)
Work in Progress	(11,374)	45,705
Deferred Revenue	(2,382)	5,782
Other Loan & Advance		778,000
Increase in interest payable	93,756	
ROU Asset	(86,305)	
ROU liability	30,465	
Deferred Taxes	(62,423)	-
	<u>(378,080)</u>	<u>(194,179)</u>
Cash flows from investing activities		
Purchase of fixed assets	-	-
Right to Use of Assets		-
Cash flows from financing activities		
ICD Received	290,000	-
ICD Paid	-	(75,000)
	<u>290,000</u>	<u>(75,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	(88,080)	(269,179)
Cash/ cash equivalent at beginning of year	258,560	527,739
Cash/ cash equivalent at end of year	<u>\$ 170,480</u>	<u>258,560</u>
OTHER FINANCIAL INFORMATION:		
TAXES PAID	<u>\$ 470</u>	<u>360</u>
INTEREST PAID	<u>\$ 11,422</u>	<u>44,725</u>

See Independent auditor's report and accompanying notes to financial statement

MOTHERSON TECHNOLOGY SERVICES USA LIMITED
(Erstwhile MSID U.S., INC)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2024 & MARCH 31, 2023

NOTE 1 - NATURE OF BUSINESS

Motherson Technology Services USA Limited (erstwhile MSID U.S., INC.) (the "Company") was incorporated in the state of New York on October 5, 2006. Effective date of name change from MSID US INC, to Motherson Technology Services USA Limited on June 21, 2022. The Company is a wholly-owned subsidiary of Motherson Technology Services Limited (erstwhile Motherson Sumi Infotech & Designs Limited), India, which is a subsidiary of a company registered with The Registrar of Companies, New Delhi, India.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Company is on an accrual basis of accounting.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those Estimates.

Cash Equivalents:

Cash and cash equivalents include short-term, highly liquid investments with an original maturity date of three months or less.

Fair Value of Financial Instruments:

The carrying amounts of deposits with financial institutions, accounts receivable, accounts payable, loans and advances, accrued expenses, and taxes approximate fair value because of these items' short maturity.

Leases

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in our consolidated balance sheets. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we generally use our incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The company does not recognize ROU assets or lease liabilities for lease with a term of 12 months or less for any asset classes.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts Receivable (Net of Reserves) as of March 31, 2024, and 2023 pertains to net trade receivable from Customers at \$882,596 and \$781,857 (as reported in audit report), respectively.

The Provision for Doubtful Debts excludes a provision of \$ 778,000 made against ICD being considered other loans and advances.

MOTHERSON TECHNOLOGY SERVICES USA LIMITED
(Erstwhile MSID U.S., INC)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2024 & MARCH 31, 2023

NOTE 4 – NATURE OF TRANSACTIONS WITH RELATED PARTIES:

Trading Transactions: During the period under review, the parent Company provided \$ 1,297,718 sales and services to its subsidiary Company Motherson Technology Services USA Limited, with an amount payable of \$ 983,168 during the period ended March 31, 2024.

NOTE 5 - LOAN PAYABLE:

The Company entered into a Borrowing Agreement with Motherson Technology Services United Kingdom Limited (A related Company), to borrow up to \$ 2,200,000 for working capital per terms and conditions per Agreement dated February 25, 2022 and January 24, 2023. The rate of interest is 3.83% above SOFR and 4.97% above SOFR. Interest is payable at the time of repayment of loan. As of March 31, 2024, Company owes \$1,340,000.

NOTE 6 - INCOME TAXES:

The Company files Federal, State, and Local Income Tax Returns on a standalone basis. The Income Tax expense attributable to the current period's operations includes the Federal, State, and Local income tax.

NOTE 7 - LEASEHOLD COMMITMENT

The Company maintains a corporate office at 1101 Perimeter Drive, Suite 650, Schaumburg. Rent is \$ 58,357 for the period year ending March 31, 2024.

The Company has operating leases for corporate offices. The lease has a non-cancellable remaining term of 1 year to 3 years.

The components of lease expenses were as follows:

	2024
ROU Amortization	\$ 56,367
Lease Interest Accrued	\$ 4,907

Supplemental cash flow information related to operating lease as follows :

Cash paid for amounts included in measurement of lease liabilities:

	2024
Operating cash outflows for operating leases	\$ 60,747

Supplemental balance sheet information related to operating leases was as follows:

Operating leases Right of use assets	\$ 29,938
Other current liabilities	\$ 30,465

Operating lease liabilities

Remaining lease of Term	6 months
Discount rate	8.00 %

Maturity Analysis (Operating Lease):

Description	Year	Cash	Interest	Liability Reduction
Building Lease	2024	60,747	4,907	55,840
Building Lease	2025	31,180	715	30,465
Total		91,927	5,622	86,305

MOTHERSON TECHNOLOGY SERVICES USA LIMITED
(Erstwhile MSID U.S., INC)
SCHEDULES OF SELLING, ADMINISTRATIVE AND GENERAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024 &
THE YEAR ENDED MARCH 31, 2023

	2024	2023
Cost Of Services	\$ 2,264,252	\$ 2,836,246
	\$ 2,264,252	\$ 2,836,246
Direct Expenses		
Salary	\$ 1,405,022	\$ 1,424,964
	\$ 1,405,022	\$ 1,424,964
Cost of Sales	\$ 3,669,274	\$ 4,261,210
Selling, Administration and Selling Expenses		
Audit Fees	11,870	10,506
Bank charges	6,040	4,394
Recruitment Cost	36,988	45,949
Office Rent	58,357	60,197
Insurance	24,740	25,394
Professional fees	378,420	354,107
Office Expenses	5,309	7,977
Conference & Seminars (Business Promotion)	75,111	83,337
Telephone and Internet expenses	4,255	5,239
Doubtful debts	62,288	846,654
Rates and taxes	1,047	27,323
Salaries	677,832	1,144,697
Exchange (Gain)/Loss	3,211	132
Interest expenses on ICD	105,178	52,161
Travel and entertainment	88,337	74,300
Lease Rent Reversal ASC 842	(60,747)	-
Interest on lease liability ASC 842	4,907	-
Staff Welfare and Visa Cost	28,080	-
	\$ 1,511,223	\$ 2,742,367

See Independent auditor's report and accompanying notes to financial statements.