

**MOTHERSON TECHNOLOGY SERVICES USA LIMITED
(Erstwhile MSID U.S., INC)
FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023 & 2022
(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, 2023 & 2022
(AUDIT)

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Certified Public Accountant



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, 2023 & 2022, 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, 2023 & 2022, 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.

Signature: GKRS CPAs PLLC



CERTIFIED PUBLIC ACCOUNTANTS

Hicksville, NY

May 19, 2023



Certified Public Accountants

MOTHERSON TECHNOLOGY SERVICES USA LIMITED
(Erstwhile MSID U.S., INC)
BALANCE SHEET
AS OF March 31, 2023, & MARCH 31, 2022

	Note	<u>2023</u>	<u>2022</u>
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents		258,560	527,739
Accounts receivable	3	886,665	779,458
Less: Provision for doubtful debts		<u>104,808</u>	<u>47,337</u>
		781,857	732,121
Other Loans & Advances		789,183	778,000
Less: Provision for doubtful advances		<u>789,183</u>	<u>-</u>
		-	778,000
Prepaid Expenses		8,000	28,095
Security Deposit		4,855	4,855
Prepaid Taxes		52,398	11,413
Work in Progress		99,088	144,793
		<u>\$ 1,204,758</u>	<u>\$ 2,227,016</u>
FIXED ASSETS			
Computer Networking Equipments		111,602	111,602
Less: Depreciation		<u>111,602</u>	<u>102,771</u>
Net		-	8,831
TOTAL ASSETS		<u>\$ 1,204,758</u>	<u>\$ 2,235,847</u>
LIABILITIES AND STOCKHOLDER'S EQUITY			
CURRENT LIABILITIES			
Accounts payable Group Companies	4	1,021,427	619,817
Accounts payable Other		258,666	396,977
Accrued expenses & taxes		291,200	168,181
Interest Payable		17,842	25,546
ICD Received -Motherson Technology Services UK Limited	5	1,050,000	1,125,000
Deferred Revenue		<u>5,782</u>	<u>-</u>
		<u>\$ 2,644,917</u>	<u>\$ 2,335,521</u>
STOCKHOLDER'S EQUITY			
Capital Stock-Authorized, Issued and Outstanding		1,000	1,000
Retained Earnings		<u>(1,441,159)</u>	<u>(100,674)</u>
		<u>\$ (1,440,159)</u>	<u>\$ (99,674)</u>
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY		<u>\$ 1,204,758</u>	<u>\$ 2,235,847</u>

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, 2023 &
THE YEAR ENDED MARCH 31, 2022

	<u>2023</u>	<u>2022</u>
<u>INCOME</u>		
Sales & Service	5,661,069	\$ 4,305,798
	<u>\$ 5,661,069</u>	<u>\$ 4,305,798</u>
Less:		
Software Development and support charges	<u>4,261,210</u>	<u>3,305,282</u>
Operating profit	\$ 1,399,859	\$ 1,000,516
Miscellaneous Income	11,214	\$ 295,241
Total Income	<u>\$ 1,411,073</u>	<u>\$ 1,295,757</u>
 <u>SELLING, ADMINISTRATIVE AND GENERAL EXPENSES</u>		
Selling, Administration and Selling Expenses	<u>\$ 2,742,367</u>	<u>\$ 1,777,219</u>
Total operating expenses	<u>2,742,367</u>	<u>1,777,219</u>
Profit from Operation before Depreciation & Taxes	(1,331,294)	(481,462)
Depreciation and amortization	<u>8,831</u>	<u>5,757</u>
Profit from Operation before Taxes	(1,340,125)	(487,219)
Provision for income taxes	<u>360</u>	<u>4,140</u>
Profit after income taxes	(1,340,485)	(491,359)
Retained earnings - beginning	<u>(100,674)</u>	<u>390,685</u>
	(1,441,159)	(100,674)
Dividend distributions	<u>-</u>	<u>-</u>
Retained earnings - ending	<u>\$ (1,441,159)</u>	<u>\$ (100,674)</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, 2022 &
THE YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2,022</u>
Cash flows from operating activities		
Net Profit from operations	(1,340,485)	(491,359)
Adjustments to reconcile net profit to net cash used in operating activities:		
Depreciation and amortization	8,831	5,755
Increase (decrease) in cash flows as a result of changes in asset and liability account balances:		
Accounts receivable	(49,736)	(358,227)
Sundry creditors	263,299	772,837
Prepaid Taxes and expenses	(20,890)	(8,119)
Accrued expenses and taxes	123,019	30,217
Income received in advance	(7,704)	25,546
Work in Progress	45,705	(87,039)
Deferred Revenue	5,782	
Other Loan & Advance	778,000	(65,000)
	<u>(194,179)</u>	<u>(175,386)</u>
Cash flows from investing activities		
Purchase of fixed assets	-	(1,595)
Cash flows from financing activities		
ICD Received	-	1,125,000
ICD Paid	(75,000)	(845,821)
	<u>(75,000.00)</u>	<u>279,179</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	(269,179)	102,198
Cash/ cash equivalent at beginning of year	527,739	425,541
Cash/ cash equivalent at end of year	<u>\$ 258,560</u>	<u>527,739</u>
OTHER FINANCIAL INFORMATION:		
TAXES PAID	<u>\$ 360</u>	<u>4,140</u>
INTEREST PAID	<u>\$ 44,725</u>	<u>11,425</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, 2023 & MARCH 31, 2022

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 Sumi Infotech & Designs Limited, India, which is a subsidiary of a foreign 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.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts Receivable (Net of Reserves) as of March 31, 2023, and 2022 pertains to net trade receivable from Customers at \$781,857 and \$732,121 (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.

NOTE 4 – NATURE OF TRANSACTIONS WITH RELATED PARTIES:

Trading Transactions: During the period under review, the parent Company provided \$1,523,387 sales and services to its subsidiary Company Motherson Technology Services USA Limited, with an amount payable of \$ 999,004 during the period ended March 31, 2023.

MOTHERSON TECHNOLOGY SERVICES USA LIMITED
(Erstwhile MSID U.S., INC)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023 & MARCH 31, 2022

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 1,200,000 euros for working capital per terms and conditions per Agreement dated February 25, 2022. The rate of interest is 1.94% above LIBOR. Interest is payable Quarterly. As of March 31, 2023, Company owes \$1,050,000.

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 150, Schaumburg. Rent is \$ 59,597 for the period year ending March 31, 2023.

MOTHERSON TECHNOLOGY SERVICES USA LIMITED
(Erstwhile MSID U.S., INC)
SCHEDULES OF SELLING, ADMINISTRATIVE AND GENERAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023 &
THE YEAR ENDED MARCH 31, 2022

	<u>2023</u>	<u>2022</u>
Cost Of Services	<u>2,836,246</u>	<u>\$ 1,971,662</u>
	<u>2,836,246</u>	<u>\$ 1,971,662</u>
Direct Expenses		
Salary	<u>1,424,964</u>	<u>\$ 1,333,620</u>
	<u>1,424,964</u>	<u>\$ 1,333,620</u>
Cost of Sales	<u>\$4,261,210</u>	<u>\$ 3,305,282</u>
Selling, Administration and Selling Expenses		
Audit Fees	10,506	9,000
Bank charges	4,394	2,801
Recruitment Cost	45,949	165,885
Office Rent	60,197	36,783
Insurance	25,394	4,158
Professional fees	354,107	310,725
Office Expenses	7,977	20,021
Conference & Seminars (Business Promotion)	83,337	141,440
Telephone and Internet expenses	5,239	4,753
Doubtful debts	846,654	(1)
Rates and taxes	27,323	-
Salaries	1,144,697	1,009,749
Exchange (Gain)/Loss	132	29,066
Interest expenses on ICD	52,161	11,425
Travel and entertainment	74,300	31,414
	<u>2,742,367</u>	<u>\$ 1,777,219</u>

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