Lifestar Pharma LLC

Financial Statements

March 31, 2023, and March 31, 2022

KNAV P.A.

Certified Public Accountants
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TABLE OF CONTENTS

Independent Auditor's Report

To the Member,
Lifestar Pharma LLC

Opinion
We have audited the financial statements of Lifestar Pharma LLC (the "Company"), which comprise the balance sheets as of March 31, 2023, and March 31, 2022, and the related statements of loss, member's equity (deficit) and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements 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.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 the 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.

KNAV P.A.

Atlanta, Georgia
May 22, 2023

Financial Statements

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	1,337,644	5,466,910
Accounts receivable, net of allowances	8,756,404	3,243,454
Inventories, net	5,051,682	12,769,499
Other current assets	22,500	14,259
Total current assets	**15,168,230**	**21,494,122**
Right-of-use asset	247,941	-
Equipment, net	-	5,913
Security deposits	34,741	34,741
Deferred tax assets	987,259	-
Total assets	**16,438,171**	**21,534,776**
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)		
Current liabilities		
Accounts payable, related parties	11,290,022	17,575,473
Accounts payable	-	21,253
Current portion of operating lease liabilities	61,453	-
Short term borrowings	3,000,000	3,000,000
Other current liabilities	1,831,113	1,398,290
Total current liabilities	**16,182,588**	**21,995,016**
Operating lease liabilities, net of current portion	187,238	-
Deferred rent, net of current portion	-	50,995
Total liabilities	**16,369,826**	**22,046,011**
Member's equity (deficit)		
Member's capital	26,401,000	20,401,000
Accumulated deficit	(26,332,655)	(20,912,235)
Total member's equity (deficit)	**68,345**	**(511,235)**
Total liabilities and member's equity (deficit)	**16,438,171**	**21,534,776**

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

Statements of loss

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

	For the year ended	
	March 31, 2023	**March 31, 2022**
Revenue from contract with customers		
Sale of products	17,823,876	9,907,274
Marketing and sales support service	3,175,329	2,248,417
	20,999,205	**12,155,691**
Less: Cost of revenues	20,079,045	16,055,654
Gross profit (loss)	**920,160**	**(3,899,963)**
Costs and expenses		
Selling, general and administrative	7,009,355	5,516,367
Depreciation	5,913	6,088
Total cost and expenses	**7,015,268**	**5,522,455**
Operating loss	**(6,095,108)**	**(9,422,418)**
Other expenses (income)		
Interest expense	135,614	19,403
Other income	(20,759)	(56,880)
Interest income	(886)	(547)
Loss before income taxes	**(6,209,077)**	**(9,384,394)**
Current income tax	198,602	4,037
Deferred tax benefit	(987,259)	-
Net loss	**(5,420,420)**	**(9,388,431)**

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

Statement of changes in member's equity (deficit)

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

Particulars	Member's contribution	Accumulated deficit	Total member's equity (deficit)
Member's equity as of April 01, 2021	**20,401,000**	**(11,523,804)**	**8,877,196**
Net loss for the year	-	(9,388,431)	(9,388,431)
Member's deficit as of March 31, 2022	**20,401,000**	**(20,912,235)**	**(511,235)**
Member's equity as of April 01, 2022	**20,401,000**	**(20,912,235)**	**(511,235)**
Contributions during the year	6,000,000	-	6,000,000
Net loss for the year	-	(5,420,420)	(5,420,420)
Member's equity as of March 31, 2023	**26,401,000**	**(26,332,655)**	**68,345**

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

Statements of cash flows

(All amounts in United States Dollars unless otherwise stated)

	For the year ended	
	March 31, 2023	**March 31, 2022**
Cash flows from operating activities		
Net loss	**(5,420,420)**	**(9,388,431)**
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Depreciation	5,913	6,088
Provision for obselete and slow moving inventory	1,295,362	2,225,185
Accounts payable written back	(16,476)	-
Deferred tax benefit	(987,259)	-
Changes in net operating assets and liabilities		
Accounts receivable, net of allowances	(5,512,950)	8,128,036
Inventories, net	6,422,455	(3,174,709)
Other current assets	(8,241)	(10,685)
Accounts payable, related parties	(6,285,451)	2,699,321
Accounts payable	(4,777)	(3,739)
Operating lease obligations	750	-
Other current liabilities	432,823	70,631
Deferred rent, net of current portion	(50,995)	(52,455)
Net cash (used in) provided by operating activities	**(10,129,266)**	**499,242**
Cash flows from financing activities		
Member's contribution	6,000,000	-
Proceeds from short term borrowings	-	3,000,000
Net cash provided by financing activities	**6,000,000**	**3,000,000**
Net (decrease) increase in cash and cash equivalents	(4,129,266)	3,499,242
Cash and cash equivalents at the beginning of the year	5,466,910	1,967,668
Cash and cash equivalents at the end of the year	**1,337,644**	**5,466,910**
Supplemental cash flow information		
Interest paid	121,114	16,298
Income taxes paid	151,990	4,417

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

Notes to Financial Statements

NOTE A - NATURE OF OPERATIONS

Lifestar Pharma LLC (the "Company") was formed on December 08, 2015. It is a wholly owned subsidiary of Mankind Pharma Limited ('the Parent Company'), a public company in India. The Company is a pharmaceutical supply chain partner that focuses on developing and marketing affordable, high quality, multi-source specialty pharmaceuticals in the US market. The Company focuses on building a strategic pharmaceutical portfolio of high-quality products with various dosage forms and capabilities.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). The significant accounting policies are detailed below:

1 *Basis of preparation*

The financial statements are presented for the years ended March 31, 2023, and March 31, 2022. All amounts are stated in United States Dollars, unless specified otherwise.

2 *Going concern*

The Company has incurred a net loss from operations amounting to $ 5,420,420 and has an accumulated deficit of $ 26,332,655 as of March 31, 2023, which is mostly on account of reduction of transaction prices related to contracts with customers. The Company also incurred negative cash flows from operations of $ 10,129,266. The Company relies on the continued support of the Parent Company to meet its short term and long-term obligations. Management believes that it is probable that the Company will be able to meet its obligations as they become due within one year after the date the financial statements are issued.

3 *Use of estimates*

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for realization of deferred tax assets, determination of useful lives for equipment, long-lived assets for impairment, allowance for chargebacks, discounts and rebates, inventory valuation and estimation relating to unsettled transactions and events at the balance sheet dates represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

4 *Cash and cash equivalents*

Cash equivalents consist of highly liquid investments with a maturity of three months or less on the date of purchase. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. At March 31, 2023, the Company had a deposit account with a balance of $ 291,462 (March 31, 2022: $ 290,680) and the interest income amounted to $ 886 for the year then ended (March 31, 2022: $ 1,833). Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to $ 250,000 for each insured bank for each account per depositor.

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. The Company's global payment terms are typically between 30-90 days. 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 goods 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. Some of the Company's contracts have multiple performance obligations.

The majority of the Company's performance obligations are satisfied at a point in time. i.e. upon delivery to the customer. Shipping and handling activities are considered to be fulfillment activities and are not considered to be a separate performance obligation.

6 *Significant judgments*

Revenues from product sales are recorded at the net sales price (transaction price), which includes allowances of variable consideration for reserves related to rebates, product returns, sales discounts, and wholesaler chargebacks. These reserves are based on estimates of the amounts earned or to be claimed on the related sales and are included in accounts receivable as contra accounts to the respective accounts receivable balances. Management's estimates take into consideration historical experience, current contractual and statutory requirements, specific known market events and trends, industry data, and forecasted customer buying and payment patterns. Overall, these reserves reflect the Company's best estimates of the amount of consideration to which it is entitled based on the terms of the contract using the expected value method. The amount of variable consideration included in the net sales price is limited to the amount that is probable not to result in a significant reversal in the amount of the cumulative revenue recognized in a future period.

7 *Ancillary service*

Revenue from marketing and sales support service is recognized when services are completed in accordance with the contracts entered with the customers. Marketing and sales support service fees are charged on the basis of costs plus a reasonable mark-up for services rendered to Mankind Pharma Limited.

8 *Accounts receivable and allowance for doubtful accounts*

Accounts receivables are stated at net invoice amounts. The Company follows the specific identification method for recognizing allowances for doubtful accounts. Management analyzes composition of the accounts receivable aging, historical bad debts, current economic trends, and customer credit worthiness of each accounts receivable when evaluating the adequacy of the allowances for doubtful accounts. Allowances for doubtful accounts is included in selling, general and administrative expenses in the statements of loss. The Company charges off uncollectable amounts against the reserve in the period in which it determines they are uncollectable.

9 *Inventories*

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the moving average method of costing.

A write down of inventory to the lower of cost or net realizable value at the close of a fiscal period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances.

Goods in transit represents goods for which control has been transferred to the Company but not received at the warehouse as of balance sheet date.

Inventories are reviewed on a periodic basis for identification and write-off of slow moving & obsolete inventory and near-expiry products. Any product with a life of less than six months left for expiry are considered near expiry and are not saleable and therefore written down. Such write-downs, if any, are included in cost of revenues.

10 *Equipment and depreciation*

Equipment are stated at cost less accumulated depreciation. Cost of items of equipment's comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates equipment's over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

The estimated useful life used to determine depreciation is:

Leasehold improvements	Lower of 7 years or period of lease
Computers	3 years
Furniture & fixtures	7 years
Office equipment	7 years

11 *Impairment of long-lived assets*

Long-lived assets, other than certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

12 *Operating leases*

The Company adopted Accounting Standard Codification ("ASC") Topic 842, "Leases" ("ASC 842") as of April 01, 2022, using the modified retrospective method.

The Company determines whether an arrangement is or contains a lease at contract inception. All of the Company's leases are classified as operating leases, which are included in operating lease right-of-use assets and operating lease liabilities in the Company's balance sheet.

Right-of-use assets (ROU) and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company estimates its incremental borrowing rate for each lease using the average incremental borrowing rate on the borrowings availed by the Company.

Management makes certain estimates and assumptions regarding each new lease and sublease agreement, renewal, and amendment, including, but not limited to, property values, market rents, property lives, discount rates and probable term, all of which can impact –

1) the classification and accounting for a lease or sublease as operating or finance, including sales-type and direct financing,
2) the rent holiday and escalations in payment that are taken into consideration when calculating straight-line rent;
3) the term over which leasehold improvements for each dental property are amortized; and
4) the values and lives of adjustments to the initial ROU asset where the Company is the lessee, or favorable and unfavorable leases where the Company is the lessor.

The amount of depreciation and amortization, interest and rent expense reported would vary if, different estimates and assumptions were used. 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. As a result of the Company's adoption of ASC 842, the Company recognized right-of-use of assets and lease liabilities amounting to $ 268,341 respectively on its balance sheet.

Operating leases as per old standard - ASC 840

The Company leases certain facilities and equipment. Lease rent expenses on operating leases are charged to statement of income over the lease term. Certain of the Company's leases contain renewal options, rent escalation clauses, and/or landlord incentives. Renewal terms generally reflect market rates at the time of renewal. Rent expense for non-cancelable operating leases with scheduled rent increases and/or landlord incentives is recognized on a straight-line basis over the lease term, including any applicable rent holidays, beginning with the lease commencement date, or the date the Company takes control of the leased space, whichever is sooner. The excess of straight-line rent expense over scheduled payment amounts and landlord incentives is recorded as a deferred rent liability. The company followed this accounting policy to account for leases for the year ended March 31, 2022.

13 *Income taxes*

In accordance with the provisions of Accounting Standard Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. 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 income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

14 *Fair value measurements and financial instruments*

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

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

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

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

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

15 *Fair value measurements and financial instruments*

In August 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments. The new guidance applies to all financial instruments carried at amortized cost (including loans held for investment (HFI) and held-to-maturity (HTM) debt securities, as well as trade receivables and receivables that relate to repurchase agreements and securities lending agreements), a lessor's net investments in leases, and off-balance-sheet credit exposures not accounted for as insurance or as derivatives, including loan commitments, standby letters of credit, and financial guarantees. The guidance is effective for annual periods beginning after December 15, 2022. Early adoption is permitted. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

NOTE C - FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and accounts receivable. By their nature, all accounts receivable involve risk including the credit risk of non-performance by counter parties. In management’s opinion, as of March 31, 2023, and 2022, there was no significant risk of loss in the event of nonperformance of the counter parties to these accounts receivable. Furthermore, the Company believes it is not exposed to any significant risk on cash and cash equivalents.

Three customers having greater than 10% of accounts receivable accounted for 92% of the total accounts receivable as of March 31, 2023. (March 31, 2022: Two customers having greater than 10% of accounts receivable accounted for 100% of the total accounts receivable).

The Company’s two vendors accounted for 100% of the total accounts payable as of March 31, 2023 (March 31, 2022: Two vendors accounted for 100% of total accounts payable) . The Company’s purchases were from its related parties. Purchases from Mankind Pharma Pte Limited (“the affiliate”) accounted for 1% of the total purchases during the year ended March 31, 2023 (5% during the year ended March 31, 2022) and purchases from the Parent accounted for 99% of the total purchases during the year ended March 31, 2023 (95% during the year ended March 31, 2022).

NOTE D - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	As of	
	March 31, 2023	**March 31, 2022**
Deposit with banks	291,462	290,680
Balances with banks	1,046,182	5,176,230
Total	**1,337,644**	**5,466,910**

NOTE E - ACCOUNTS RECEIVABLE, NET

Accounts receivable as of March 31, 2023, and March 31, 2022 represent due from customers on product sales amounting to $ 8,756,404 and $ 3,243,454 respectively. Accounts receivable are stated net of provision for chargebacks, rebates, and other allowances.

	As of	
	March 31, 2023	**March 31, 2022**
Accounts receivable	21,069,870	7,881,741
Less: provision for chargebacks, rebates and others	(12,313,466)	(4,638,287)
Accounts receivable, net of allowances	**8,756,404**	**3,243,454**

The activity in allowances for chargebacks, rebates, and others is given below:

	March 31, 2023	**March 31, 2022**
Balance at beginning of the year	**(4,638,287)**	**(2,299,810)**
Provision for chargebacks and rebates, etc.	(46,756,726)	(97,107,753)
Chargeback, rebates, and others, claimed and utilized	39,081,547	94,769,276
Balance at the end of the year	**(12,313,466)**	**(4,638,287)**

NOTE F - INVENTORIES, NET

Major classes of inventory are as follows:

	As of	
	March 31, 2023	**March 31, 2022**
Finished goods	7,135,948	11,440,680
Goods in transit	119,067	3,026,675
Less: provision for obsolete and slow-moving inventory	(2,203,333)	(1,697,856)
Total	**5,051,682**	**12,769,499**

The activity in provision for obsolete and slow-moving inventory is given below:

	March 31, 2023	**March 31, 2022**
Balance at beginning of the year	1,697,856	315,979
Add: provision for the year	1,295,362	2,225,185
Less: actual write-off of inventory	(789,885)	(843,308)
Balance at the end of the year	**2,203,333**	**1,697,856**

NOTE G - OTHER CURRENT ASSETS

Other current assets comprise the following:

	As of	
	March 31, 2023	**March 31, 2022**
Prepaid expenses	22,500	14,259
Total	**22,500**	**14,259**

NOTE H - EQUIPMENT, NET

Equipment, net includes the following:

	As of	
	March 31, 2023	**March 31, 2022**
Leasehold improvements	3,376	3,376
Computers	4,825	4,825
Furniture & fixtures	38,069	38,069
Office equipment	1,178	1,178
	47,448	**47,448**
Less: accumulated depreciation	(47,448)	(41,535)
Equipment, net	**-**	**5,913**

Depreciation expense for the year ended March 31, 2023, was $ 5,913 (year ended March 31, 2022 $ 6,088)

NOTE I - SHORT TERM BORROWING

Short term borrowing includes:

	As of	
	March 31, 2023	**March 31, 2022**
Line of credit	3,000,000	3,000,000
Total	**3,000,000**	**3,000,000**

On August 19, 2021, the Company availed a new line of credit amounting to $ 3,000,000 with interest of 30-day floating LIBOR plus a spread of 150 basis points. Interest expense for the year ended March 31, 2023 amounted to $135,614 (March 31, 2022: $ 19,403). The line of credit will be paid on demand.

NOTE J - OTHER CURRENT LIABILITIES

Other current liabilities include:

	As of	
	March 31, 2023	**March 31, 2022**
Payable for expenses	326,106	137,013
Employee related liabilities	454,370	291,574
Provision for bonus	889,493	872,100
Accrued medicaid rebates	96,061	41,178
Provision for taxes	50,583	3,971
Accrued interest	14,500	-
Current portion of deferred rent liability	-	52,454
Total	**1,831,113**	**1,398,290**

NOTE K - LEASES

The table below presents the classification of the operating lease assets and liabilities:

Leases	Balance sheet classification	As of March 31, 2023
Assets		
Operating lease right-of-use assets	Non-current asset	247,941
Liabilities		
Operating lease liabilities	Non-current liabilities	187,238
	Current liabilities	61,453
		248,691

Operating lease expense has been recognized in the statements of loss under the head "selling, general & administrative expenses"

The following table contains supplemental cash flow information related to leases for the years ended March 31, 2023

	As of March 31, 2023
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating expenses	24,000
Right-of-use operating lease assets obtained in exchange for lease obligations	268,341

The Company facilities an office space, warehouse and equipment under operating leases which have non-cancellable terms through November 2026. Generally, the leases have optional renewal clauses to extend the terms of the various leases for periods ranging from 5 to 10 years, at the discretion of the Company. Future minimum payments under non-cancelable operating lease are as follows:

Year ended March 31,	Amount ($)
2024	72,500
2025	74,000
2026	75,500
2027	51,000
Total minimum lease payments	**273,000**
Less: imputed interest	24,309
Operating lease liabilities	**248,691**

	As of March 31, 2023
Weighted average remaining lease terms (years) – operating leases	3.67 years
Weighted average – discount rate	5.00%

NOTE L - INCOME TAXES

For the period 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 of America.

The components of the provision for income tax are as follows:

	For the year ended	
	March 31, 2023	**March 31, 2022**
Current taxes	198,602	4,037
Deferred taxes	(987,259)	-
Total	**(788,657)**	**4,037**

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. Significant components of the Company's net deferred income taxes are as follows:

	As of	
	March 31, 2023	**March 31, 2022**
Deferred tax assets		
Equipment, net	377	373
Accrued medicaid rebates	21,240	9,025
Accrued sales returns	93,697	6,575
Provision for breakage & expiry	487,185	372,110
Deferred rent liability	-	22,672
Accrued expenses	-	-
Provision for doubtful accounts	147,651	-
Lease adjustment	166	-
263A Adjustment	56,859	-
Accrued Billback	440,097	-
Net operating losses	1,142,302	1,923,895
Deferred tax assets	**2,389,574**	**2,334,650**
Deferred tax assets, net	**2,389,574**	**2,334,650**
Less: Deferred tax asset valuation allowance	(1,402,315)	(2,334,650)
Net deferred taxes after valuation allowance	**987,259**	**-**

	As of	
	March 31, 2023	**March 31, 2022**
Book loss	**(6,209,077)**	**(9,384,394)**
Tax @ 21%	(1,303,906)	(1,970,723)
Permanent difference	1,456,544	2,045,081
State taxes	19,771	3,326
State deferred tax expense	(45,510)	-
Change in valuation allowance	(933,212)	(73,578)
Change in net operating losses	9,794	(415)
True-up	7,862	346
Total tax expense	**(788,657)**	**4,037**

The Company has provided a valuation allowance of $ 1,402,315 and $ 2,334,650 as of March 31, 2023, and March 31, 2022 respectively against the net deferred tax assets. The change in valuation allowance is $ 933,212 as on March 31, 2023.

As on March 31, 2023, the Company has federal net operating loss carryforwards of approximately $ 5,158,980 which can be carried forward indefinitely and state net operating loss carryforwards of approximately $1,684,363.

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 tax planning strategies in making this assessment.

Based on the assessment of the positive and negative evidences, the management believes it is more likely than not that the deferred tax assets will be realized in foreseeable future. Hence, the valuation allowance of $ 933,212 has been released and the current year deferred tax asset of $ 54,047 totalling to $ 987,259 has been realised as on March 31, 2023 on account of temporary differences arising out for tax purposes.

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.

NOTE M - RELATED PARTY TRANSACTIONS

A Related parties with whom transactions have taken place during the year:
a. Mankind Pharma Limited ('the Parent Company')
b. Mankind Pharma Pte. Ltd ('the Affiliate')

B Summary of transactions with related parties in the normal course of business are as follows:

	For the years ended	
	March 31, 2023	**March 31, 2022**
Transactions during the period		
Mankind Pharma Limited		
- Goods purchased (including goods in transit)	11,046,672	15,998,978
- Marketing and sales services provided	3,174,740	2,248,417
- Guarantee commission	60,000	-
Mankind Pharma Pte. Ltd		
- Goods purchased (including goods in transit)	1,313,860	919,080

	March 31, 2023	March 31, 2022
Balances		
Net payable to:		
- Mankind Pharma Limited	11,106,664	17,197,438
- Mankind Pharma Pte. Ltd	183,358	378,035

NOTE N - EMPLOYEE BENEFIT PLAN

The Company has a 401(k) defined contribution plan. Under this plan, each employee can elect to participate after meeting the minimum age requirement and other eligibility requirements set forth in the Adoption Agreement. The Company will make a Safe Harbor Matching Contribution equal to 100% of the elective deferrals. The Company will not match elective deferrals that exceed 4% of the participant eligible earnings. The total employer contribution for the year ended March 31, 2023, and March 31, 2022, was $ 231,999 and $ 195,224, respectively and it is included under selling, general and administartive expenses on the statements of loss. The 401(k)

NOTE O - REVENUE FROM CONTRACTS WITH CUSTOMERS

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.

Disaggregated revenue information

	For the year	
	March 31, 2023	March 31, 2022
Type of goods or services		
Sale of products	17,823,876	9,907,274
Marketing and sales support service	3,175,329	2,248,417
Total	**20,999,205**	**12,155,691**

Timing of revenue recognition		
Goods transferred at a point of time	17,823,876	9,907,274
Services provided over a period of time	3,175,329	2,248,417
Total	**20,999,205**	**12,155,691**

NOTE P - RISK AND UNCERTAINTIES

The Company's future results of operations involve several risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE Q - FAIR VALUE MEASUREMENTS

The Company's financial instruments consist primarily of long-term and short-term borrowing, cash and cash equivalents, prepaid expenses, accounts receivable, accounts payable, and accrued expenses, the fair values of which approximate their carrying values. As a policy, the Company does not engage in speculative or leveraged transactions.

NOTE R - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were 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.