

Virendra K Jain

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IPCA PHARMACEUTICALS INC., USA

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2024 AND 2023

Virendra K Jain

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4 Ann Street , Bergenfield , NJ 07621

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Independent Accountant's Report

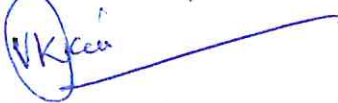
To The Shareholders of
IPCA Pharmaceuticals Inc.,
One Tower Center Blvd . Suite 2220
East Brunswick , NJ 08816 (USA)

I have audited the accompanying financial statements of IPCA Pharmaceuticals Inc., USA as of March 31, 2024 and 2023 and the related statements of Income, retained earnings and Cash flow for the year then ended in accordance with standards established by the American Institute of Certified Public Accountants. These financial statements are sole responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted my 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 includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respect, the financial position of IPCA pharmaceuticals Inc. USA as of March 31, 2024 and 2023, and the result of operations and cash flow for the year ended March 31, 2024 and 2023, in conformity with accounting principles generally accepted in the United States of America.

For Virendra K Jain, CPA



Virendra K Jain, CPA
New York, NY 10036
License No. 093066
Date: May 24, 2024

IPCA PHARMACEUTICALS INC., USA
BALANCE SHEET
MARCH 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Current Assets:</u>	\$	\$
Cash	752,810	1,148,255
Accounts Receivables	996,562	440,021
Prepaid Expenses	----	20,630
Other Receivable	144,850	131,973
Total Current Assets	<u>1,894,222</u>	<u>1,740,879</u>
<u>Fixed Assets:</u>		
Net of Accumulated Depreciation of \$444,186 & \$405,282 in 2024 and 2023	680,788	719,692
<u>Investments / Acquisitions:</u>		
Pisgah Labs Inc. (Note 4)	8,860,879	8,860,879
Bayshore Pharmaceuticals LLC	11,635,221	11,635,221
Less Impairment in Value (Note 5)	(11,635,221)	----
Redeemable Preference Shares of:		
Pisgah Labs Inc.	15,950,000	10,700,000
Loan - Bayshore Pharmaceuticals LLC	7,250,000	7,250,000
Total Investment and Acquisitions	32,060,879	38,446,100
Security Deposit	4,125	8,958
Total Assets	<u>34,640,014</u>	<u>40,915,629</u>

LIABILITIES AND STOCKHOLDERS EQUITY

Current Liabilities:

Accrued Expenses	18,999	49,000
Corporate Tax Payable	29,900	20,150
Total Current Liabilities	<u>48,899</u>	<u>69,150</u>

Stockholders' Equity:

Capital Stock (Note 6)	50,000	50,000
Paid in Capital	1,925,000	1,925,000
Redeemable Preference Shares (Note 6)	44,600,000	39,350,000
Retained Earnings	(11,983,885)	(478,521)
Total Stockholders' Equity	<u>34,591,115</u>	<u>40,846,479</u>

Total Liabilities	<u>34,640,014</u>	<u>40,915,629</u>
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See accompanying notes to Financial Statements

IPCA PHARMACEUTICALS INC., USA
STATEMENT OF INCOME
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
	\$	\$
Sales	---	---
Income from Services (note 3)	1,856,370	1,756,765
Misc. Income (Interest)	<u>290,808</u>	<u>247,293</u>
Gross Revenue	2,147,178	2,004,058
Gross Profit	2,147,178	2,004,058
Operating Expenses:		
Salaries	1,287,283	1,227,020
Fringe & Taxes	211,029	223,786
Payroll Taxes	53,753	47,972
Traveling & Boarding	117,158	115,846
Rent/Utilities	44,616	44,070
Communications	15,116	13,558
Office Supplies	10,653	10,804
Insurance	18,422	11,519
Professional & Legal Expenses	60,906	29,250
Audit Fees	6,000	6,000
Depreciation	38,904	38,904
Automobiles / Transport	52,624	31,850
Repairs & Maintenance	12,691	7,861
Payroll-Admin Charges	12,720	11,126
Property Tax	17,667	24,583
Miscellaneous Expenses	<u>41,779</u>	<u>27,105</u>
TOTAL OPERATING EXPENSES	<u>2,001,321</u>	<u>1,871,253</u>
Income (loss) before Corporate Taxes	145,857	132,805
Impairment of Investment	11,635,221	
Tax Provision – (note 7)	16,000	12,000
Net Income (loss)	<u>(11,505,364)</u>	<u>120,805</u>

See accompanying notes to Financial Statements

IPCA PHARMACEUTICALS INC., USA
STATEMENT OF RETAINED EARNINGS
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
	\$	\$
Retained Earnings - Beginning of the period	(478,521)	(599,326)
Income (loss) for the year	<u>(11,505,364)</u>	<u>120,805</u>
Retained Earnings - END OF THE PERIOD	<u>(11,983,885)</u>	<u>(478,521)</u>

See accompanying notes to Financial Statements

IPCA PHARMACEUTICALS INC., USA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Current Assets:	\$	\$
Cash flows from operating activities:		
Net Income (loss)	(11,505,364)	120,805
Adjustments to reconcile net income to Net cash provided by operating activities:		
Depreciation	38,904	38,904
Changes in assets and liabilities:		
Decrease (Increase) in Accounts receivables	(556,541)	(227,418)
Decrease (Increase) in Other receivables	(12,877)	(17,302)
(Decrease) Increase in Accrued expenses	(30,001)	36,000
Decrease (Increase) in Prepaid expenses	20,630	(3,309)
(Decrease) Increase in Security deposit	4,833	----
Decrease (Increase) in Bayshore Investment	11,635,221	----
(Decrease) Increase in Taxes payables	<u>9,750</u>	<u>14,000</u>
Total adjustments	<u>11,109,919</u>	<u>(159,126)</u>
Net cash provided by operating activities	<u>(395,445)</u>	<u>(38,321)</u>
Cash flow from investing activities:		
Loans to Bayshore Pharmaceuticals	----	(1,500,000)
Net Cash from investing activities	----	(1,500,000)
Cash flow from financing activities:		
Increase in Pref. Redeemable Shares	5,250,000	6,000,000
Redeemable Pref Shares - Pisgah	(5,250,000)	(3,500,000)
Net Cash used from financing activities:	<u>----</u>	<u>2,500,000</u>
Net (decrease) Increase in cash	(395,445)	961,679
Cash at beginning of period	<u>1,148,255</u>	<u>186,576</u>
CASH AT END OF PERIOD	<u>752,810</u>	<u>1,148,255</u>

See accompanying notes to Financial Statements

IPCA PHARMACEUTICALS INC., USA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024 AND 2023

Note 1 Organization

The entity is C Corporation organized and incorporated under the laws of state of New Jersey USA. The Corporation is a wholly owned subsidiary of IPCA Laboratories Ltd., India, a limited liability company registered in India and listed on National Stock Exchange of India

The corporation is formed with the objective to monitor the registration of generic finished dose formulations and establish marketing and distributing relationships with the companies in USA for these products. Additionally, it also imports Active Pharmaceuticals Ingredients from India to sell to customers in USA.

Note 2 Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Company are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates in Financial Statements preparation:

The preparation of financial statements in conformity with accounting principle generally accepted in United State of America require the use of estimates and assumptions that affect the reported amounts of assets & liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The Company's financial statements include amounts that are based on management's best estimates and judgment actual results could differ from those estimates.

Fixed Assets:

Acquisition of equipment, furniture and fixtures are capitalized in their respective accounts at cost. Ordinary maintenance and repair items are charged directly to expenses as incurred. The assets were revalued at the time of acquisition and fair market values were considered as carrying cost in the books.

Depreciation is being provided based in the estimated useful life using straight line method.

NOTE 3 Income:

The corporation provides liaising and marketing support services. Income from services includes service charges from this activity.

IPCA PHARMACEUTICALS INC., USA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024 AND 2023

NOTE 4 Investment in Pisgah Laboratories Inc. NC, USA:

(A) Effective January 16th, 2018, the Company had acquired 90% common stock of Pisgah Laboratories Inc. (Pisgah) based in State of North Carolina, USA. Pisgah was originally founded in the year 1981 as a contract manufacturer and developer of active pharmaceutical ingredients (APIs) and intermediates and has been a chemistry solutions provider for over three decades. This acquisition will help the Company to establish its foothold in the US market (including but not limited to) in the field of research / small volume APIs and intermediates manufacturing. Pisgah will continue to operate out of its North Carolina manufacturing facility under the Pisgah trade name.

(B) IPCA Pharmaceuticals Inc. USA had acquired a USA company "Pisgah Laboratories Inc." a C Corporation Incorporated in State of North Carolina, (NC) USA on January 16, 2018 with remaining 10% ownership held by Onyx Scientific Limited, of UK, a step down subsidiary of IPCA Laboratories Limited, India. A summary of the total deal arrived as under

Total Cost of Acquisition	\$ 9,825,879
Share of 10% of the purchase consideration	
Paid by Onyx Scientific Limited, UK	\$ <u>(965,000)</u>
Balance 90% paid by IPCA USA	\$ 8,860,879

NOTE 5 Investment in Bayshore Pharmaceuticals LLC, USA:

The Company had acquired, on October 2, 2018, 80% Share Capital of Bayshore Pharmaceuticals LLC, a New Jersey limited liability company (Bayshore), for a total cost of \$10,435,221, further the company acquired, on September 30, 2021, remaining 20% share capital of Bayshore, for \$ 1.2 million. With this acquisition, Bayshore is now wholly owned by IPCA Pharmaceuticals, Inc. USA

In current year the Company has made an assessment to revalue the Investment in Bayshore and due to continues losses in Bayshore, decided to impair the Value of Investment and for which the company made a provision of \$ 11,635,221.

IPCA PHARMACEUTICALS INC., USA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024 AND 2023

NOTE 6 Shareholders' Equity:

IPCA Pharmaceuticals Inc USA have following shareholding pattern as of March 31, 2024

Authorized:

Common Stock: 1000 shares @ \$ 50 per share:	Total \$	50,000
Paid in Capital	Total \$	1,925,000
Redeemable Preference shares 60,000 shares @ \$ 1000 each:	Total \$	60,000,000

(Non-Voting)

Issued and Paid up:

Common Stock: 1000 shares @ \$ 50 per share	Total \$	50,000
Paid in Capital	Total \$	1,925,000
Redeemable Preference shares 44,600 shares @ \$ 1000 each	Total \$	44,600,000

(Non-Voting) (Previous year 39,350 shares for total value \$ 39,350,000)

NOTE 7 Corporate Tax:

Since the Corporation has accumulated losses, 20% of net operating Profit is Taxable to Federal Tax. Therefore, a provision towards Corporate Income Tax has been made for Federal corporate Tax and NJ state corporate tax for \$16,000 at the current rate of tax.

NOTE 8 Related Party Transaction:

IPCA Laboratories Ltd India

During the year IPCA Pharmaceuticals Inc USA issues debit notes to IPCA Laboratories Ltd India for the Liaising and post marketing support services of USD 1,856,370 (Previous year USD 1,756,765).

IPCA Pharmaceuticals Inc USA has an outstanding receivable from IPCA Laboratories Ltd India as at 31 March 2024 is \$ 996,562 (Previous year \$ 440,021).

During the year IPCA Pharmaceuticals Inc USA issues Preference shares of \$ 5,250,000 (Previous year \$ 6,000,000) to IPCA Laboratories Ltd India.

IPCA PHARMACEUTICALS INC., USA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024 AND 2023

NOTE 8 Related Party Transaction: (continued)


Bayshore Pharmaceuticals LLC, USA

IPCA Pharmaceuticals Inc USA has given loan to Bayshore Pharmaceuticals LLC, USA in amount of \$7.25 million at an annual fixed interest rate of 4%. The outstanding loan balance as at 31 March 2024 \$ 7,250,000 (Previous year \$ 7,250,000). Interest income on Loan during the year is \$ 290,795 (Previous year \$ 247,288). Interest receivable on Loan as at 31 March 2024 is \$144,850 (Previous year \$ 131,973)

Pisgah Laboratories Inc. NC, USA

During the year IPCA Pharmaceuticals Inc USA made Investment of \$ 5,250,000 (Previous year \$ 3,500,000) in Preference share capital of Pisgah.

For Virendra K Jain, CPA



Virendra K Jain, CPA
New York, NY
License No. 093066
Date: May 24, 2024