

Virendra K Jain

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IPCA PHARMACEUTICALS INC., USA

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2025 AND 2024

Virendra K Jain

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Independent Accountant's Report


To The Shareholders of
IPCA Pharmaceuticals Inc.,
One Tower Center Blvd . Suite 2200
East Brunswick , NJ 08816

I have audited the accompanying financial statements of IPCA Pharmaceuticals Inc., USA as of March 31, 2025 and 2024 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, 2025 and 2024, and the result of operations and cash flow for the year ended March 31, 2025 and 2024, 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 14, 2025

IPCA PHARMACEUTICALS INC., USA
BALANCE SHEET
MARCH 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>Current Assets:</u>	\$	\$
Cash	954,711	752,810
Accounts Receivables	605,405	996,562
Prepaid Expenses	4,823	---
Other Receivable	---	144,850
Total Current Assets	<u>1,564,939</u>	<u>1,894,222</u>
<u>Fixed Assets:</u>		
Net of Accumulated Depreciation of \$427,936 & \$389,032 in 2025 and 2024	641,886	680,788
<u>Investments / Acquisitions:</u>		
Pisgah Labs Inc. (Note 4)	8,860,879	8,860,879
Less : Impairment in Value (Note 4)	(8,860,879)	---
Bayshore Pharmaceuticals LLC	11,635,221	11,635,221
Less : Impairment in Value (Note 5)	(11,635,221)	(11,635,221)
Redeemable Preference Shares of:		
Pisgah Labs Inc.	27,250,000	15,950,000
Less : Provision for Diminution in Value	(11,380,121)	---
Loan - Bayshore Pharmaceuticals LLC	---	7,250,000
Total Investment and Acquisitions	15,869,879	32,060,879
Security Deposit	4,125	4,125
Total Assets	<u>18,080,829</u>	<u>34,640,014</u>

LIABILITIES AND STOCKHOLDERS EQUITY

Current Liabilities:

Accrued Expenses	72,407	18,999
Corporate Tax Payable	8,500	29,900
Total Current Liabilities	<u>80,907</u>	<u>48,899</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)	48,100,000	44,600,000
Retained Earnings	(32,075,078)	(11,983,885)
Total Stockholders' Equity	<u>17,999,922</u>	<u>34,591,115</u>

Total Liabilities	<u>18,080,829</u>	<u>34,640,014</u>
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See accompanying notes to Financial Statements

IPCA PHARMACEUTICALS INC., USA
STATEMENT OF INCOME
FOR THE PREIOD ENDED MARCH 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
	\$	\$
Sales	----	----
Income from Services (note 3)	2,075,808	1,856,370
Misc. Income (Interest)	<u>210,083</u>	<u>290,808</u>
Gross Revenue	2,285,891	2,147,178
Gross Profit	2,285,891	2,147,178
Operating Expenses:		
Salaries	1,433,484	1,287,283
Fringe & Taxes	210,856	211,029
Payroll Taxes	57,922	53,753
Traveling & Boarding	145,455	117,158
Rent/Utilities	37,972	44,616
Communications	11,449	15,116
Office Supplies	5,545	10,653
Insurance	21,577	18,422
Professional & Legal Expenses	60,062	60,906
Audit Fees	8,000	6,000
Depreciation	38,902	38,904
Automobiles / Transport	35,286	52,624
Repairs & Maintenance	8,096	12,691
Payroll-Admin Charges	13,565	12,720
Property Tax	30,420	17,667
Miscellaneous Expenses	<u>38,388</u>	<u>41,779</u>
Total Operating Expenses	<u>2,156,979</u>	<u>2,001,321</u>
Income (loss) before Corporate Taxes	128,912	145,857
Impairment of Investment	20,241,000	11,635,221
Tax Provision – (note 7)	8,500	16,000
Excess Provision of Taxes – P/y	(29,395)	----
Net Income / (Loss)	<u>(20,091,193)</u>	<u>(11,505,364)</u>

See accompanying notes to Financial Statements

IPCA PHARMACEUTICALS INC., USA
STATEMENT OF RETAINED EARNINGS
FOR THE PREIOD ENDED MARCH 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
	\$	\$
Retained Earnings - Beginning of the period	(11,983,885)	(478,521)
Income / (Loss) for the year	<u>(20,091,193)</u>	<u>(11,505,364)</u>
Retained Earnings - END OF THE PERIOD	<u>(32,075,078)</u>	<u>(11,983,885)</u>

See accompanying notes to Financial Statements

IPCA PHARMACEUTICALS INC., USA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
	\$	\$
Current Assets:		
Cash flows from operating activities:		
Net Income / (Loss)	(2,00,91,193)	(11,505,364)
Adjustments to reconcile net income to		
Net cash provided by operating activities:		
Depreciation	38,902	38,904
Impairment of Investment	20,241,000	----
Changes in assets and liabilities:		
Decrease / (Increase) in Accounts receivables	391,157	(556,541)
Decrease / (Increase) in Other receivables	144,850	(12,877)
(Decrease) / Increase in Accrued expenses	53,408	(30,001)
Decrease / (Increase) in Prepaid expenses	(4,823)	20,630
(Decrease) / Increase in Security deposit	----	4,833
Decrease / (Increase) in Bayshore Investment	----	11,635,221
(Decrease) / Increase in Taxes payables	(21,400)	9,750
Total adjustments	<u>20,843,094</u>	<u>11,109,919</u>
Net cash provided by operating activities	<u>751,901</u>	<u>(395,445)</u>
Cash flow from investing activities:		
Loans received from Bayshore Pharmaceuticals	7,250,000	----
Net Cash from investing activities	7,250,000	----
Cash flow from financing activities:		
Increase in Pref. Redeemable Shares	3,500,000	5,250,000
Redeemable Pref Shares - Pisgah	(11,300,000)	(5,250,000)
Net Cash used from financing activities:	<u>(7,800,000)</u>	<u>----</u>
Net (Decrease) / Increase in cash	201,901	(395,445)
Cash at beginning of period	<u>752,810</u>	<u>1,148,255</u>
CASH AT END OF PERIOD	<u>954,711</u>	<u>752,810</u>

See accompanying notes to Financial Statements

IPCA PHARMACEUTICALS INC., USA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025 AND 2024

Note 1 Organization

The entity is C Corporation, which is organized and incorporated under the laws of the 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 of monitoring the registration of generic finished dose formulations and establish marketing and distributing relationships with the companies in USA for these products.

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 requires 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, 2025 AND 2024

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	\$ (965,000)
Balance 90% paid by IPCA USA	\$ 8,860,879

In respect of Pisgah Laboratories Inc, a hundred percent subsidiary situated in the United States, which is setting up a manufacturing facility whose commercialization period is expected to take around 2 years, the Company on a prudent basis has made provision towards impairment of the accumulated losses incurred till date the said facility in its standalone financial statements of an amount of USD 20.241 million.

NOTE 5 Investment in Bayshore Pharmaceuticals LLC, USA:

During the year 2024-25, Bayshore Pharmaceuticals LLC, USA ("Bayshore USA") (wholly owned subsidiary) has entered into an agreement with Unichem Laboratories Limited, India (fellow subsidiary) and Unichem Pharmaceuticals (USA), Inc. (fellow subsidiary) for sale of all of rights, title and interest in the product approvals and all goodwill associated with nine (9) ANDAs for US Dollar Two Million Six Hundred Fifty Thousand (\$2,650,000) owned by Bayshore USA and sale of USA generics formulations marketing/distribution business of Bayshore USA as a going concern through slump sale/transfer of entire business (debt free) and all goodwill associated with the business through business sale agreement for US Dollar Ten Millions (\$10,000,000) to Unichem USA.

IPCA PHARMACEUTICALS INC., USA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025 AND 2024

NOTE 6 Shareholders' Equity:

IPCA Pharmaceuticals Inc USA have following shareholding pattern as of March 31, 2025

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 48,100 shares @ \$ 1000 each	Total \$	48,100,000
(Non-Voting) (Previous year 44,600 shares for total value \$ 44,600,000)		

During the year company has Redeemed 7,500 shares for total value of \$7,500,000.

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 \$8,500 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 2,075,808 (Previous year USD 1,856,370).

IPCA Pharmaceuticals Inc USA has an outstanding receivable from IPCA Laboratories Ltd India as at 31 March 2025 is \$ 605,405 (Previous year \$ 996,562).

IPCA PHARMACEUTICALS INC., USA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025 AND 2024

NOTE 8 Related Party Transaction: (continued)

During the year IPCA Pharmaceuticals Inc USA issues Preference shares of \$ 11,000,000 (Previous year \$ 5,250,000) to IPCA Laboratories Ltd India and has redeemed

During the year IPCA Pharmaceuticals Inc USA has redeemed Preference shares of \$ 7,500,000 (Previous year \$ NIL) to IPCA Laboratories Ltd India.

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 2025 NIL (Previous year \$ 7,250,000). Interest income on Loan during the year is \$ 210,082 (Previous year \$ 290,795). Interest receivable on Loan as at 31 March 2025 is NIL (Previous year \$ 144,850)

Pisgah Laboratories Inc. NC, USA

During the year IPCA Pharmaceuticals Inc USA made Investment of \$ 11,300,000 (Previous year \$ 5,250,000) in Preference share capital of Pisgah.

Unichem Pharmaceuticals (USA) Inc.

During the year company \$ 30,480 is payable to Unichem Pharmaceuticals (USA) Inc., for rent and other expenses (Previous Year USD NIL).

For Virendra K Jain, CPA



Virendra K Jain, CPA
New York, NY
License No. 093066
Date: May 14, 2025