

NRB Bearings USA INC

**Financial statements for the year ended March 31,
2024**

NRB Bearings USA INC

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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Report of Factual Findings in Connection with Agreed-upon Procedures Assignment Related to Fit for Consolidation Financial Statement for year ended March 31, 2024.

To,
The Board of Directors
NRB Bearings USA INC

We have performed the procedures agreed with you and enumerated below with respect to review of the financial statements for the year ended March 31, 2024, set forth in the accompanying schedules to this report. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS 4400) applicable to agreed-upon procedures engagements. The procedures were performed solely for the purpose of assisting you in the consolidation of financial information of NRB Bearings USA Inc with NRB Holdings Limited, the parent company.

Management's Responsibility for the Procedures Agreed

Management and any intended users party to the terms of the engagement are responsible for the adequacy or otherwise of the procedures agreed to be performed by us. Management is responsible for determining whether the factual findings provided by us, in combination with any other information obtained, provide a reasonable basis for any conclusions which you or other intended users wish to draw on the subject matter.

Practitioner Responsibility

Our responsibility is to report factual findings obtained from conducting the procedures agreed. We conducted the engagement in accordance with the ISRS 4400 on Agreed-Upon Procedures Engagements to Report Factual Findings. We have complied with ethical requirements equivalent to those applicable to Other Assurance Engagements. Because the agreed-upon procedures do not constitute either a reasonable or limited assurance engagement in accordance with auditing, review or other assurance engagement standards issued by the International Auditing and Assurance Standards Board (IAASB), we do not express any conclusion and provide no assurance on financial statements for the year ended March 31, 2024. Had we performed additional procedures, or had we performed an audit of the financial statements of in accordance with audit, review or other assurance engagement standards issued by the IAASB, other matters might have come to our attention that may need to be reported.

Procedure and Findings

Procedure performed by the practitioner:

1. We obtained and checked the trial balance of company for the year ended March 31, 2024, generated from the accounting system maintained by Company, and
2. We traced the individual / Group ledger balance as appearing in the trial balance with groupings and disclosures made in the financial statement enclosed herewith.
3. We have checked the accounting policies of the company to be fit for consolidation with the parent company.

We report our findings below:

- a) With respect to above, and the balances appearing in the trial balance to be in agreement with the financial statement.
- b) The accounting policies adopted by the company are in line with International financial reporting standards.

For and on behalf of

CNK & Associates LLP – Dubai Branch

Place: Dubai, UAE

Date: May 24, 2024

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024
(Amount in USD)

	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
NON CURRENT ASSETS			
Property Plant and Equipment	3	637	102
TOTAL NON CURRENT ASSETS		637	102
CURRENT ASSETS			
Cash & cash equivalents	4	103,416	54,986
Inventory	5	2,026,417	1,414,059
Trade Receivable	6	1,489,639	978,642
Prepayments, Advances & Receivable	8	87,758	87,758
TOTAL CURRENT ASSETS		3,707,230	2,535,445
TOTAL ASSETS		3,707,867	2,535,547
EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY			
Equity share capital		20,000	20,000
Retained earnings		448,894	113,991
TOTAL SHAREHOLDERS' EQUITY		468,894	133,991
CURRENT LIABILITIES			
Other Current Liabilities and Provision	9	131,401	31,735
Current tax liability	10	4,566	31,514
Due to related parties	7	3,103,006	2,338,307
TOTAL CURRENT LIABILITIES		3,238,973	2,401,556
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,707,867	2,535,547

The accompanying notes form an integral part of these financial statements.

For
NRB Bearings USA INC

KISHORE OCHANI
DIRECTOR
DATE:
PLACE:

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2024
(Amount in USD)

	Note	2023-24	2022-23
Revenue	11	5,237,124	1,754,007
Cost of revenue	12	(3,656,013)	(1,117,611)
Gross profit / (loss)		1,581,111	636,396
Other income	13	86	12
Operating Expenses:			
Employee benefits expense	14	681,591	502,079
Administration & general expenses	15	414,029	65,499
Depreciation	3	211	101
Total Operating Expenses		1,095,831	567,679
Profit/(Loss) Before Tax for the year		485,366	68,729
Tax Expense			
Current Tax		150,463	18,529
Profit/(Loss) After Tax for the year		334,903	50,200
Other Comprehensive Income		-	-
Total comprehensive income for the year		334,903	50,200

The accompanying notes form an integral part of these financial statements.

For
NRB Bearings USA INC

KISHORE OCHANI
DIRECTOR

DATE:

PLACE:

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024
(Amount in USD)

	2023-24	2022-23
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit /(loss) for the year	334,903	50,096
<u>Adjustments for:</u>		
Operating cash flow before changes in net operating assets	334,903	50,096
Depreciation	211	101
Provision for Current Tax	(150,463)	18,529
FCTR Loss	-	-
<u>(Increase)/Decrease in Current Assets</u>		
Trade Receivable	(510,997)	(978,641)
Due from Related parties	-	-
Inventory	(612,358)	(1,400,585)
<u>Increase/(Decrease) in Current Liabilities</u>		
Trade payables	-	2,352,908
Other Current Liabilities and Provision	99,666	(3,068)
Current tax liability	123,515	-
Due to related parties	764,699	-
Net cash flow from/(used in) operating activities	49,176	39,340
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipments	(746)	-
Net cash flow from/(used in) investing activities	(746)	-
Net increase/(decrease) in cash and cash equivalents	48,430	39,340
Cash and cash equivalents at beginning of the year	54,986	15,646
CASH & CASH EQUIVALENTS AT END OF THE YEAR	103,416	54,986

The accompanying notes form an integral part of these financial statements.

For
NRB Bearings USA INC

KISHORE OCHANI
DIRECTOR

DATE:

PLACE:

STATEMENT OF CHANGES IN EQUITY FUNDS FOR THE YEAR ENDED MARCH 31, 2024
(Amount in USD)

Particulars	Equity share capital	Retained Earnings	Total
Balance as at April 1, 2022	20,000	63,791	83,791
Additions/payments during the year	-	-	-
Transfer during the year	-	-	-
Net profit/(loss) for the year	-	50,200	50,200
Balance as at March 31, 2023	20,000	113,991	133,991
Balance as at April 1, 2023	20,000	113,991	133,991
Additions/payments during the year	-	-	-
Transfer during the year	-	-	-
Net profit/(loss) for the year	-	334,903	334,903
Balance as at March 31, 2024	20,000	448,894	468,894

The accompanying notes form an integral part of these financial statements.

For
NRB Bearings USA INC

KISHORE OCHANI
DIRECTOR
DATE:
PLACE:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 2024
(Amount in USD)

1 STATUS AND ACTIVITIES

NRB Bearings USA, Inc. is a company incorporated under the provisions of the Michigan Department of Licensing and Regulatory Affairs and having its registered office at 100, Big Beaver Road, Suite 200, Troy, Michigan 48084, USA with ID Number 802262558 granted on 12th June, 2018.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statement have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to the operations of the company.

These financial statements are prepared to facilitate in the consolidation with holding company NRB Holdings Limited.

2.2 ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention and under accrual system of accounting. The accounting policies have been consistently applied by the establishment during the period under review.

2.3 INVENTORY

Inventories are valued at the lower of cost and net realizable value after taking an allowance for any slow moving or obsolete items. Cost comprises of the invoiced cost, freight and other expenses incurred in bringing the inventories to their present condition and location. Cost is determined on the weighted average cost basis and comprises direct invoice costs and related expenses. Net realizable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

2.4 REVENUE RECOGNITION

IFRS 15 'Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

Revenue from contracts with customers

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control- at a point in time or over time - requires judgement.

The Company recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which performance obligation is satisfied.

Sale of goods

In relation to the Company's activities related sale of goods, in which the sale of goods and delivery is generally expected to be the only performance obligation, adoption of IFRS 15 did not have any major impact on the Company's revenue and profit or loss. The Company concluded that the revenue recognition will occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods or collection of goods by customers.

Advances received from customers

Generally, the Company receives only short-term advances from its customers. They are presented as part of trade and other payables. Accordingly, there are no financing components in the Company's contracts with customers.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 2024
(Amount in USD)

2.5 PROPERTY, PLANT AND EQUIPMENT

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is recognized in the profit and loss account on a straight line basis over the estimated useful lives of the assets. The estimated useful lives of the assets are as under:

Asset Class	Life (years)
Office Equipment	4

2.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balance and cash at bank.

2.7 PROVISIONS

Provisions are recognized when the company has a present obligation as a result of past event and it is probable that the outflow of resources will be required to settle the obligation.

2.8 FOREIGN CURRENCY

Functional and presentation currency

The financial statements are presented in United States Dollars (USD), which is the company's functional and presentation currency.

Transaction and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these are dealt with the statement of comprehensive income.

2.9 CRITICAL ACCOUNTING JUDGEMENTS & KEY SOURCES OF UNCERTAINTY ESTIMATION

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates & assumptions that affect the application of accounting policies & the carrying amounts of assets, liabilities, income & expenses. The estimates & associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

Estimates & underlying assumptions are reviewed on a going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current & future periods.

3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Office equipment	Total
Asset Cost		
Opening balance as on April 1, 2022	203	203
Additions during the year	-	-
Deductions during the year	-	-
Closing balance as on March 31, 2023	203	203
Accumulated Depreciation		
Opening balance as on April 1, 2022	-	-
Depreciation for the year	101	101
Depreciation written back	-	-
Closing balance as on March 31, 2023	101	101
Asset Cost		
Opening balance as on April 1, 2023	203	203
Additions during the year	848	848
Deductions during the year	-	-
Closing balance as on March 31, 2024	1,051	1,051
Accumulated Depreciation		
Opening balance as on April 1, 2023	101	101
Depreciation for the year	312	312
Depreciation written back	-	-
Closing balance as on March 31, 2024	413	413
Net Book value as on March 31, 2023	102	102
Net Book value as on March 31, 2024	638	638

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 2024
(Amount in USD)

		As at March 31, 2024	As at March 31, 2023
4 CASH & CASH EQUIVALENTS			
Balances with banks		103,416	54,986
Closing Balance		103,416	54,986
5 INVENTORY			
Stock held for Trading			
Closing Stock		2,026,417	1,414,059
Closing Balance		2,026,417	1,414,059
6 TRADE RECEIVABLE			
Sundry Debtors		1,489,639	978,642
Less Provision for Expected Credit Loss		-	-
Closing Balance		1,489,639	978,642
7 RELATED PARTY TRANSACTIONS			
<p>The Company, in the ordinary course of its business, enters into trading and financing transactions with concerns which fall within the definition of "related party" as contained in International Accounting Standard 24. The balances due to/from such parties, which have been disclosed separately in the financial statements, are unsecured and repayable on demand. The management believes that the terms of the trading transactions are not materially different from those that could have been obtained from unrelated parties.</p>			
DUE TO RELATED PARTY			
NRB Bearings Limited India (Payable for Purchase)		2,960,308	2,338,307
NRB Holdings Limited (Payable against Management Service)		142,698	-
Closing Balance		3,103,006	2,338,307
Current portion		3,103,006	-
Non current portion		-	-
		3,103,006	-
Transaction during the year:			
NRB Bearings Limited India	Purchases	4,120,527	2,500,668
NRB Bearings Limited India	Sales	188,844	-
NRB Bearings Limited India	Services Taken	-	238,323
Kishore Ochani	Remuneration Paid to Key managerial person	455,994	497,435
NRB Bearings Limited India	Reimbursements for Warehouse charges	94,604	-
NRB Holdings Limited	Management Services	261,856	-
		5,121,825	3,236,426
8 PREPAYMENTS, ADVANCES & RECEIVABLE			
Security Deposits		2,400	2,400
Advances		85,358	85,358
Closing Balance		87,758	87,758

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 2024

(Amount in USD)

9 OTHER CURRENT LIABILITIES AND PROVISION	As at March 31, 2024	As at March 31, 2023
Sales Commission Payable	10,641	17,529
Provision for Expenses	3,007	1,153
Performance Pay Payable to employees	72,500	-
Statutory Dues	45,253	13,054
Closing Balance	131,401	31,735
10 TAX PROVISION	As at March 31, 2024	As at March 31, 2023
Current Tax Provision	4,566	31,514
Closing Balance	4,566	31,514
11 REVENUE	2023-24	2022-23
Sale of Goods	5,237,124	1,515,684
Sale of Services	-	238,323
Total	5,237,124	1,754,007
12 COST OF REVENUE	2023-24	2022-23
Opening Stock	1,414,059	13,474
Add : Purchases	4,120,527	2,500,668
Less : Closing Stock	(2,026,417)	(1,414,059)
Cost of Material Consumed	3,508,169	1,100,083
Direct Expenses	147,844	17,529
Total	3,656,013	1,117,611
13 OTHER INCOME	2023-24	2022-23
Interest Income	86	12
Total	86	12
14 EMPLOYEE BENEFITS EXPENSE	2023-24	2022-23
Salaries, allowances and other benefits	681,591	502,079
Total	681,591	502,079
15 ADMINISTRATION & GENERAL EXPENSES	2023-24	2022-23
Rent	13,515	14,988
Legal and professional fees	12,196	4,874
Insurance	-	313
Travelling and conveyance	16,364	21,358
Management Fees	261,856	-
Postage, telephone and fax	1,398	1,080
Bank charges	3,026	3,062
Advertisement and sales promotion expenses	10,018	9,051
Miscellaneous expenses	1,052	10,773
Warehouse Charges	94,604	-
Total	414,029	65,499

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 2024
(Amount in USD)

16 FINANCIAL INSTRUMENTS

Financial instruments means financial assets, financial liabilities and equity instruments. Financial assets of the Company includes cash and cash equivalents, loan receivable from subsidiary, trade and other receivables, deposits and due from related party, investment in subsidiary and investment in associates. Financial liabilities includes Trade and other payables, advance to customers and due to related parties.

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts at balance sheet date.

Financial Instruments by category	2023-24	2022-23
<i>Financial Assets</i>		
Cash & cash equivalents	103,416	54,986
Trade Receivable	1,489,639	978,642
Advances & Deposits	87,758	87,758
<i>Financial Liabilities</i>		
Due to related parties	3,103,006	2,338,307

The main risk arising from the Company financial instruments are Currency Risk, Credit Risk and Interest Rate Risk.

a. Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's major exposure is in United States Dollar. Hence currency risk is low.

Currency Risk Management

The majority of the transactions and balances are in United States Dollars, the currency risk is maintained at low.

b. Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial Assets, which potentially expose the establishment to credit risk, comprise mainly of bank Accounts and Accounts receivable.

Credit Risk Management

Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Credit risk is limited to the carrying value of financial assets in the balance sheet.

The company applies IFRS 9 simplified approach to measure expected credit losses which uses expected credit loss allowance for all its trade receivables. The company seeks to limit its credit risk by dealing with reputable banks and independently rated parties with a minimum of investment grade ratings.

c. Interest rate risk

The company does not have any short term or long term borrowings from banks or other financial institutions during the year.

Interest rate risk management

The company does have loans with related parties. However, the interest rate is fixed and not subject to any modification due to inflation. Hence, Interest rate risk is not significant

17 SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no significant events occurring after the balance sheet date, which require disclosure in the financial statements.

18 COMPARATIVE FIGURES

Comparative figures have been regrouped and reclassified to match with current year figures

19 ROUNDING OFF

The figures in these financial statements have been rounded off to the nearest United State Dollars (USD).

The accompanying notes form an integral part of these financial statements.

For
NRB Bearings USA INC

KISHORE OCHANI
DIRECTOR

DATE:

PLACE: