Granules USA, Inc. and its Subsidiary

Consolidated Financial statements
March 31, 2022, and March 31, 2021

KNAV P.A.

Certified Public Accountants
One Lakeside Commons, Suite 850,
990 Hammond Drive NE, Atlanta, GA 30328

Table of Contents

Independent Accountant's Review Report

To Board of Directors,
Granules USA, Inc.

We have reviewed the accompanying consolidated financial statements of Granules USA, Inc. and its subsidiary ('the Company'), which comprise the consolidated balance sheets as at March 31, 2022 and March 31, 2021, and the related consolidated statements of income, stockholder's equity and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that is free from material misstatement, whether due to fraud or error.

Accountant's responsibility
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements to our review.

Accountant's conclusion
Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

KNAV P.A.

Atlanta, Georgia
June 22, 2022

KNAV P.A.
Certified Public Accountants
One Lakeside Commons, Suite 850, 990 Hammond Drive NE, Atlanta, GA 30328 T 1 678 584 1200 F 1 770 676 6082 E admin@knavcpa.com

Consolidated Financial Statements

Consolidated Balance sheets

(All amounts are in United State Dollars, unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	4,380,023	1,978,036
Accounts receivable, net	12,852,741	12,491,575
Due from related parties	97,393	7,625
Inventories	15,465,364	15,216,834
Prepaid expenses and other current assets	212,554	370,182
Total current assets	**33,008,075**	**30,064,252**
Non-current assets		
Property & equipment, net	78,342	34,320
Deferred tax asset	241,295	106,195
Other non-current assets	2,620,804	37,088
Total assets	**35,948,516**	**30,241,855**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	5,437,179	508,792
Due to related parties	21,656,288	27,653,940
Line of credit	6,000,000	-
Other current liabilities	544,329	199,436
Total current liabilities	**33,637,796**	**28,362,168**
Stockholder's equity		
Common stock	70,000	70,000
Additional paid in capital	180,000	180,000
Accumulated Surplus	2,060,720	1,629,687
Total stockholder's equity	**2,310,720**	**1,879,687**
Total liabilities and stockholder's equity	**35,948,516**	**30,241,855**

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

(See independent accountant's review report)

Consolidated Statements of income

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

	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations	69,435,226	69,612,400
Less: Cost of revenue	60,396,262	62,171,747
Gross profit	**9,038,964**	**7,440,653**
Operating cost and expenses		
Selling, general and administrative expenses	8,415,045	5,899,991
Depreciation and amortization	11,620	21,197
Total operating cost and expenses	**8,426,665**	**5,909,332**
Operating profit	**612,299**	**1,519,465**
Other income (expense)		
Interest expense	(26,544)	(4,215)
Other income (expense)	-	407,000
Profit before taxes	**585,755**	**1,922,250**
Income tax expense		
Current tax expense (benefit)	290,122	(138,919)
Deferred tax expense (benefit)	(135,400)	590,470
Net profit	**431,033**	**1,470,699**

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

(See independent accountant's review report)

Consolidated Statement of stockholder's equity

(All amounts are in United States Dollars, except number of shares)

Particulars	Common stock Shares	Common stock Amount	Additional paid in capital	Accumulated surplus	Total Stockholder's equity
Balance as at April 01, 2020	**700,000**	**70,000**	**180,000**	**158,988**	**408,988**
Net profit for the year	-	-	-	1,470,699	1,470,699
Balance as at March 31, 2021	**700,000**	**70,000**	**180,000**	**1,629,687**	**1,879,687**
Balance as at April 01, 2021	**700,000**	**70,000**	**180,000**	**1,629,687**	**1,879,687**
Net profit for the year	-	-	-	431,033	431,033
Balance as at March 31, 2022	**700,000**	**70,000**	**180,000**	**2,060,720**	**2,310,720**

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

(See independent accountant's review report)

Consolidated Statements of cash flows

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

	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from operating activities		
Net profit	431,033	1,470,699
Adjustments to reconcile net income to net cash (used in) operating activities		
Depreciation	11,620	21,197
Provision	-	114,898
Deferred tax asset	(135,400)	590,470
Inventory Reserve	1,435,257	87,208
Changes in current assets and current liabilities		
Accounts receivable, net	(361,166)	(5,382,214)
Inventories	(1,683,787)	(9,608,930)
Prepaid expenses and other current assets	157,628	(303,845)
Accounts payable	4,928,387	50,590
Due from related parties	(89,768)	62,736
Due to related parties	(5,997,652)	14,529,205
Other current liabilities	290,193	(240,605)
Net cash (used in)/provided by operating activities	**(1,013,655)**	**1,391,409**
Cash flow from investing activities		
Purchase of property and equipment	(642)	(4,814)
Capital expenditure	(2,583,716)	-
Net cash used in investing activities	**(2,584,358)**	**(4,814)**
Cash flow from financing activities		
Proceeds from Line of credit availed	6,000,000	-
Net Cash used in financing activities	**6,000,000**	**-**
Net increase in cash and cash equivalents during the year	**2,401,987**	**1,386,595**
Cash and cash equivalents at the beginning of the year	1,978,036	591,441
Cash and cash equivalents at the end of the year	**4,380,023**	**1,978,036**
Supplemental cash flow information		
Income tax paid, net	570,531	313,360

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

(See independent accountant's review report)

Notes to Consolidated Financial Statements

(All amounts are in United State Dollars, unless otherwise stated)

NOTE A - NATURE OF OPERATIONS

Granules USA, Inc ("Granules" and "the Company") was incorporated on March 5, 2003 in Delaware. Granules is a wholly owned subsidiary of Granules India Limited ("GIL"), a company incorporated in India.

Granules acts as an exclusive front-end value chain for GIL and develops market for the products manufactured by GIL. The business of GIL comprises of manufacture and sale of pharmaceutical products.

On June 15, 2021, the Company incorporated Granules Consumer Health, Inc. ("GCH") as its wholly owned subsidiary. It was incorporated for the purpose of transferring the retail business of the Company to GCH.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements are as follows:

1. *Basis of preparation*

   a. The accompanying consolidated financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ('US GAAP') to reflect the financial position, results of operations and cash flows of the Company.

   b. These consolidated financial statements are presented for the year ended March 31, 2022 and March 31, 2021.

2. *Estimates and assumptions*

   The preparation of consolidated financial statements and related disclosures in conformity with generally accepted accounting principles 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 consolidated financial statements and revenues and expenses during the period reported. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property, machinery and equipment, allowances for doubtful accounts, recognition of deferred tax assets, inventories, and provision for employee benefit obligations, income tax uncertainties, and other contingencies. The estimates are made using historical information and other relevant factors available to management. Management believes that the estimates used in the preparation of the consolidated 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. Any revision in accounting estimate is recognized prospectively in the current and future period.

3. *Cash and cash equivalents*

   The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

4. *Accounts receivable & allowance for doubtful accounts*

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and the customers' financial condition, the amounts of receivables in dispute, and the current receivables ageing and current payment patterns. The Company reviews its allowance for doubtful accounts monthly. Past due balances over 180 days and over a specified amount are reviewed individually for collectability. Allowance for doubtful accounts is included in marketing and selling expenses in the statement of income. The Company charges off uncollectable amounts against the reserves in the period in which it determines they are uncollectable.

5. *Property and equipment*

Property and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property, and equipment comprises cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates property and equipment over the estimated useful life using the straight-line method. Expenditures for maintenance and repairs are charged to expense. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited to statements of income.

The estimated useful lives used to determine depreciation are:

Nature of assets	Estimated useful life of assets
Furniture and fixtures	3 to 7 years
Computers	3 to 5 years
Equipment	3 to 7 years
Vehicles	5 years
Improvements	15 years

6. *Intangible assets*

The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortizable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required.

Nature of assets	Estimated useful life of assets
Technical know how	15 years

7. *Impairment of long-lived assets*

Long-lived assets, including 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.

8. *Revenue recognition*

The Company adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) as of April 01, 2019.

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. The Company's global payment terms are typically between 30-75 days. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods. A performance obligation is a promise in a contract to transfer a distinct good 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.

The Company's performance obligations are satisfied at a point in time. This includes sales of the Company's portfolio of paracetamols and other product. For most of these sales, the Company's performance obligation is satisfied upon delivery to the customer. Shipping and handling activities are fulfillment activities and are not considered to be a separate performance obligation.

Significant judgments

Provisions for sales discount, damaged product returns, exchanges of expired products are established as a reduction of product sales revenue at the time such revenues are recognized. Certain discount and rebate programs extended to customers pursuant to the industry standards, are recognized as a reduction from product sales revenue at the time of revenue recognition.

Please refer Note O "Revenue from contracts with customers" for further information on the Company's revenue.

9. *Leases*

The Company accounts for the lease of its office space as an operating lease. The related rentals are charged to expense based on the lease agreement in the period it is incurred.

10. *Income taxes*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit 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. A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. ASC 740 also provides guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. All deferred tax assets and liabilities, along with any related valuation allowance, is classified as non-current on the balance sheets.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes.

11. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but disclosed in notes. Contingent assets are neither recognized nor disclosed.

12. *Retirement and employee benefits*

Contribution to defined contribution plans is charged to statements of income in the year in which they accrue.

13. *Government grant*

Government grant is recognized only when there is a reasonable assurance that (a) entity will meet the terms attached to the grant and (b) the grant will be received. Accordingly, the Company recognizes grants as other income in the statement of income when all the terms have been satisfied and forgiveness is reasonably assured.

14. *Fair value measurements and consolidated financial instruments*

Assets and liabilities recorded at fair value in the consolidated 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. The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, due to and from related parties, and other current liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

15. *Recent accounting pronouncements*

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize right-of-use assets, representing their right to use the underlying asset for the lease term, and lease liabilities on the balance sheet for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing and uncertainty of cash flows arising from leases. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The guidance is effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early adoption is permitted. The Company is currently evaluating the impact of the same.

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at	
	March 31, 2022	**March 31, 2021**
Bank balance	4,380,023	1,978,036
Total	**4,380,023**	**1,978,036**

Cash balances on deposits with banks in the United States are insured by the Federal Deposit Insurance Corporation up to an aggregate of $250,000.

NOTE D - ACCOUNTS RECEIVABLE, NET

The Company maintains an allowance for doubtful debts on all accounts receivable, based on present and prospective financial condition of the customer and aging of accounts receivable after considering historical experience and the current economic environment.

Accounts receivable, net comprise the following:

	As at	
	March 31, 2022	**March 31, 2022**
Due from customers	12,852,741	12,491,575
Total	**12,852,741**	**12,491,575**

NOTE E - INVENTORIES

Inventories comprise the following:

	As at	
	March 31, 2022	**March 31, 2021**
Packaging material	961,285	569,026
Finished goods	16,034,244	14,742,716
Inventory reserve	(1,530,165)	(94,908)
Total	**15,465,364**	**15,216,834**

Movement in inventory reserve is shown as under:

	Year ended	
	March 31, 2022	**March 31, 2021**
Balance at beginning of the year	**94,908**	**7,700**
Provision during the year	1,435,257	87,208
Balance at the end of the year	**1,530,165**	**94,908**

NOTE F - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets comprise the following:

	As at	
	March 31, 2022	**March 31, 2021**
Advance income taxes	81,807	370,182
Prepaid insurance	63,057	-
Prepaid expenses	65,741	-
Revenue advances	1,949	-
Total	**212,554**	**370,182**

NOTE G - PROPERTY & EQUIPMENT, NET

Property & equipment, net comprises the following:

	As at	
	March 31, 2022	March 31, 2021
Automobile	45,970	45,970
Furniture and fixtures	58,787	58,787
Leasehold improvements	26,952	26,952
Pharmaceutical equipment	65,309	65,309
Office equipment	65,456	64,814
Capital work-in-progress	55,000	-
Total property, plant & equipment	**317,474**	**261,832**
Less: accumulated depreciation	(239,132)	(227,512)
Total property, plant & equipment, net	**78,342**	**34,320**

Depreciation expense for the year ended March 31, 2022, and March 31, 2021 was $11,620 and $21,197, respectively

NOTE H - LINE OF CREDIT

Line of credit comprise the following:

	As at	
	March 31, 2022	March 31, 2021
Line of credit	6,000,000	-
Total	**6,000,000**	**-**

Under a line of credit agreement (the "agreement") with a bank, the Company has available borrowings of $15,000,000. The interest rate as per the agreement was stipulated at 0.90% plus the applicable Compounded Reference Rate (an average effective rate of 1.20% for the year ended March 31, 2022).

The interest expense for the year ended March 31, 2022, was $26,544.

NOTE I - OTHER NON-CURRENT ASSETS

Other non-current assets comprise the following:

	As at	
	March 31, 2022	March 31, 2021
Capital creditors	2,583,716	-
Security deposits	37,088	37,088
Total	**2,620,804**	**37,088**

NOTE J - OTHER CURRENT LIABILITIES

Other current liabilities comprise the following:

	As at	
	March 31, 2022	March 31, 2021
Employee benefits	446,083	192,954
Advance from customer	63,991	-
Accrued interest	26,544	-
Other liabilities	7,711	6,482
Total	**544,329**	**199,436**

NOTE K - RETIREMENT BENEFITS

The Company has a 401(k) Defined Contribution plan. Under the 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 makes a matching contribution to the plan up to 2% of employee wages for those electing to participate in the plan. The total employer contribution for the year ended March 31, 2022 and March 31, 2021, was $42,702 and $40,819. The 401k contribution is charged to expense in the period in which they are incurred.

NOTE L - INCOME TAXES

For the year ended March 31, 2022, 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 taxes are as follows:

	Year ended	
	March 31, 2022	**March 31, 2021**
Current tax		
Federal	213,844	(268,673)
State	76,278	129,754
Total current tax expenses (benefit)	**290,122**	**(138,919)**
Deferred tax		
Federal	(104,825)	555,906
State	(30,575)	34,564
Total deferred tax expenses (benefit)	**(135,400)**	**590,470**
Income tax expense	**154,722**	**451,551**

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	Year ended	
	March 31, 2022	**March 31, 2021**
Income tax at federal rate	122,997	403,987
Deferred tax true up - federal	(2,795)	565,699
State tax, net of federal effect	34,599	137,069
Permanent differences	(79)	(86,802)
Impact on carryback of net operating losses	-	(568,402)
	154,722	**451,551**

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 at	
	March 31, 2022	**March 31, 2021**
Non-current deferred tax liabilities:		
- Depreciation and amortization	(2,492)	(4,991)
Total deferred tax liability	**(2,492)**	**(4,991)**
Non-current deferred tax assets:		
- Net operating losses (NOLs)	24,634	7,832
- Accrued bonus	90,246	34,184

	As at	
	March 31, 2022	**March 31, 2021**
- Provision for expiry stock	28,293	24,842
- Inventory	49,696	42,482
- Deferred revenue	1,783	1,846
- Organization Cost	49,135	-
Total deferred tax asset	**243,787**	**111,186**
Net deferred tax assets	**241,295**	**106,195**

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

The Company has recognized deferred tax asset of $ 241,295 and $ 106,195 as of March 31, 2022 and March 31, 2021 on account of temporary differences arising out for tax purposes.

The Company has no federal NOLs as at March 31, 2022 and March 31, 2021 respectively. The Company has state net operating loss carryforwards of approximately $ 371,273 and $ 371,273 as at March 31, 2022 and March 31, 2021 respectively, which if unutilized will expire based on the state statutes.

Accounting for uncertain tax positions

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. Interest and penalties, if incurred, are recognized in the statement of income.

The Company has no unrecognized tax positions as at March 31, 2022 and March 31, 2021. The tax years of 2018 through 2020 remain subject to examination by the taxing authorities.

NOTE M - COMMITMENTS AND CONTINGENCIES

The Company leases the premises under the long-term operating lease arrangement. The Company entered into a lease for the new premises on November 1, 2014 for a lease period of 88 months. The rent expense for office space was $ 90,168 and $82,854 for the year ended March 31, 2022 and March 31, 2021. The lease period of 88 months ended on March 31, 2022.

Open litigation as of March 31, 2022

a) **Zantac (ranitidine) MDL Vs Granules USA, Inc:** There is a large multi-district litigation (MDL) pending in the United States District for the Southern District of Florida. The claims in the Master Personal Injury Complaint ('MPIC') include personal injury claims by plaintiffs that the Zantac and/or ranitidine manufactured and/or sold by defendants was contaminated with NDMA. Of note, the FDA did require all companies that sold Zantac and/or ranitidine to recall the products in late 2019. There are currently approximately 96 plaintiffs that have filed individual Short Form Complaints against the Granules entities. Plaintiffs claim that they developed numerous types of cancer as a result of the NDMA in the ranitidine product manufactured by Granules India and sold by Granules USA. The litigation is still in the pleadings stage with Motions to Dismiss still pending. However, the court has also set an aggressive discovery schedule therefore Granules is currently in the process of producing documents and preparing witnesses for their upcoming depositions. There have not yet been any settlement demands advanced to Granules.

b) **NDMA Claims Vs Granules USA, Inc. :** During the year 2019-20, the Company received a class action suit from a plaintiff stating that one of the products of the Company – Metformin had a carcinogenic element. However, the USFDA obtained test results from the Company and issued a clean report. As of March 31, 2022, the litigation is active. The legal attorney is unable to state that an outcome unfavorable to the Company is either probable or remote, nor they are in a position to provide an estimate of the amount or range of potential loss in the event of an unfavorable outcome.

c) **Russel Hawkins Vs Granules USA, Inc. :**A case was filed on behalf of plaintiff, Russel Hawkins. Plaintiff alleges that he was prescribed Metformin in 2017 and after 2 years he was diagnosed with multiple Myeloma in September 2019 causing his kidneys to fail. Plaintiff's counsel agreed that the case should be voluntarily withdrawn by his client. Granules USA, Inc. is awaiting voluntary dismissal of the case.

d) **Center for Environmental Health (CEH) Vs Granules USA, Inc. :** The private plaintiff/CEH is a non-profit corporation that is suing a number of businesses in public interest. Plaintiff claims that the named defendants including GUSA manufactured and/or distributed for sale in California, over the counter ranitidine that were contaminated with NDMA. Plaintiff alleges that the defendants failed to provide with their products a clear and reasonable warning regarding the hazards of NDMA. The matter is currently on appeal. On October 07, 2021, CEH timely filled its appeal from judgement the trail court entered as to Generics and Retailers. Generics and Retailers filled responses to the appeal on April 21, 2022 and same is currently under advisement with the Court of Appeal of California.

NOTE N - RELATED PARTY TRANSACTIONS

A. List of related parties with whom transactions have taken place:

No	Name of the party	Nature of relationship
1	Granules India Limited	Parent company
2	Granules Pharmaceuticals, Inc.	Affiliate company

B. *The Company had transactions in the ordinary course of business with the following related parties:*

	March 31, 2022	March 31, 2021
Granules India Limited		
Transaction during the year ended		
- Purchase of goods	51,831,124	67,019,520
- Expenses incurred for the Company	-	101
Balance		
- Accounts payable	21,656,288	27,653,940
Granules Pharmaceuticals, Inc		
Transaction during the year ended		
- Sale of goods	638,840	26,735
- Expenses incurred for the Company	-	5,000
Balance		
- Accounts receivable	97,393	7,625

NOTE O - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates revenue by source of revenue.

	Year ended	
	March 31, 2022	**March 31, 2021**
Sale of goods	69,435,226	69,612,400
Total	**69,435,226**	**69,612,400**

The following table disaggregates revenue based on geographical regions.

	Year ended	
	March 31, 2022	**March 31, 2021**
United States of America	68,286,818	68,575,320
Canada	451,940	1,025,440
Panama	-	8,400
Columbia	-	3,240
Belgium	617,640	-
India	78,828	-
Total	**69,435,226**	**69,612,400**

The following table presents revenue disaggregated by timing of recognition:

	Year ended	
	March 31, 2022	**March 31, 2021**
Products transferred at a point in time	69,435,226	69,612,400
Total	**69,435,226**	**69,612,400**

Contract balances
The contract liabilities primarily relate to advance consideration received from customers for sale of products, for which revenue is recorded at a point in time and trade receivables are non-interest bearing and are generally on terms of 60 to 90 days.

	As at	
	March 31, 2022	**March 31, 2021**
Accounts receivable *(due from related parties and third parties)*	12,950,135	12,499,200

NOTE P - STOCKHOLDER'S EQUITY

The Company had an authorized capital of 2,500,000 shares of its common stock, at $0.10 par value per share as of March 31, 2022 and March 31, 2021. The Company had 700,000 common stocks issued and outstanding as of March 31, 2022 and March 31, 2021. There were no shares issued during the year ended March 31, 2022 and March 31, 2021.

NOTE Q - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2022 up through June 22, 2022, the date the consolidated financial statements are available to be issued. Based on the evaluation, there are no material effects of the same on the consolidated financial statements as on June 22, 2022, that would require recognition or disclosure.

Granules USA, Inc.

Separate Parent Company Financial Statements
March 31, 2022, and March 31, 2021

KNAV P.A.

Certified Public Accountants
One Lakeside Commons, Suite 850,
990 Hammond Drive NE, Atlanta, GA 30328

CPA[SM]

America Counts on CPAs

Table of Contents

Independent Accountant's Review Report

To Board of Directors,
Granules USA, Inc.

We have reviewed the accompanying separate parent company financial statements of Granules USA, Inc. ('the Company'), which comprise the balance sheets as at March 31, 2022 and March 31, 2021, and the related statements of income, stockholder's equity and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the separate parent company financial statements as a whole. Accordingly, we do not express such an opinion.

Management's responsibility for the separate parent company financial statements
Management is responsible for the preparation and fair presentation of these separate parent company 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 separate parent company financial statements that are free from material misstatement whether due to fraud or error.

Accountant's responsibility
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the separate parent company financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Granules USA, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements to our review.

Basis for qualified conclusion
As disclosed in Note B 1(a) to the separate parent company financial statements, the Company reports investment in its wholly owned subsidiaries, Granules Consumer Health, Inc. on cost basis. Accounting principles generally accepted in the United States of America require that all wholly owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of these subsidiaries had been consolidated with that of the Company, total assets would have decreased by $397,731; total liabilities would have decreased by $202,273 as at March 31, 2022; and member's equity would have decreased by $195,458 as of March 31, 2022; net profit would have decreased by $195,458, for the year then ended.

Qualified conclusion
Based on our review, except for the effect of matters described in the Basis for qualified conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying separate parent company financial statements for it to be in accordance with accounting principles generally accepted in the United States of America.

KNAV P.A.

Atlanta, Georgia
June 22, 2022

KNAV P.A.
Certified Public Accountants
One Lakeside Commons, Suite 850, 990 Hammond Drive NE, Atlanta, GA 30328 T 1 678 584 1200 F 1 770 676 6082 E admin@knavcpa.com

Separate Parent Company Financial Statements

Balance sheets

(All amounts are in United State Dollars, unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	1,520,571	1,978,036
Accounts receivable, net	12,852,741	12,491,575
Due from related parties	123,938	7,625
Inventories	15,465,364	15,216,834
Loan to subsidiary	6,000,000	-
Prepaid expenses and other current assets	139,754	370,182
Total current assets	**36,102,368**	**30,064,252**
Non-current assets		
Property & equipment, net	23,342	34,320
Investment in subsidiary	1,000	-
Deferred tax asset	182,449	106,195
Other assets	37,088	37,088
Total assets	**36,346,247**	**30,241,855**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	5,346,822	508,792
Due to related parties	22,000,083	27,653,940
Line of credit	6,000,000	-
Other current liabilities	493,164	199,436
Total current liabilities	**33,840,069**	**28,362,168**
Stockholder's equity		
Common stock	70,000	70,000
Additional paid in capital	180,000	180,000
Accumulated surplus	2,256,178	1,629,687
Total stockholder's equity	**2,506,178**	**1,879,687**
Total liabilities and stockholder's equity	**36,346,247**	**30,241,855**

(The accompanying notes are an integral part of these separate parent company financial statements)

(See independent accountant's review report)

Statements of income

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

	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations	69,435,226	69,612,400
Less: cost of revenue	60,396,304	62,171,747
Gross profit	**9,038,922**	**7,440,653**
Operating cost and expenses		
Selling, general and administrative expenses	8,180,200	5,899,991
Depreciation and amortization	11,620	21,197
Total operating cost and expenses	**8,191,820**	**5,909,332**
Operating profit	**847,102**	**1,519,465**
Other income (expense)		
Interest income/(expense), net	-	(4,215)
Other income	-	407,000
Profit before taxes	**847,102**	**1,922,250**
Income tax expense		
Current tax expense (benefit)	297,165	(138,919)
Deferred tax (benefit) expense	(76,554)	590,470
Net profit	**626,491**	**1,470,699**

(The accompanying notes are an integral part of these separate parent company financial statements)

(See independent accountant's review report)

Statement of stockholder's equity

(All amounts are in United States Dollars, except number of shares)

Particulars	Common stock Shares	Common stock Amount	Additional paid in capital	Accumulated surplus	Total stockholder's equity
Balance as at April 01, 2020	**700,000**	**70,000**	**180,000**	**158,988**	**408,988**
Net profit for the year	-	-	-	1,470,699	1,470,699
Balance as at March 31, 2021	**700,000**	**70,000**	**180,000**	**1,629,687**	**1,879,687**
Balance as at April 01, 2021	**700,000**	**70,000**	**180,000**	**1,629,687**	**1,879,687**
Net profit for the year	-	-	-	626,491	626,491
Balance as at March 31, 2022	**700,000**	**70,000**	**180,000**	**2,256,178**	**2,506,178**

(The accompanying notes are an integral part of these separate parent company financial statements)

(See independent accountant's review report)

Statements of cash flows

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

	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from operating activities		
Net profit for the year	**626,491**	**1,470,699**
Adjustments to reconcile net income to net cash (used in) operating activities		
Depreciation and amortization expenses	11,620	21,197
Provision for doubtful debts	-	114,898
Deferred tax asset expenses	(76,554)	590,470
Inventory reserve	1,435,257	87,208
Changes in current assets and current liabilities		
Accounts receivable, net	(361,166)	(5,382,214)
Inventories	(1,683,787)	(9,608,930)
Prepaid expenses and other current assets	230,424	(303,845)
Accounts payable	4,838,030	50,590
Due from related parties	(116,309)	62,736
Due to related parties	(5,653,857)	14,529,205
Other current liabilities	294,028	(240,605)
Net cash provided by operating activities	**(455,823)**	**1,391,409**
Cash flow from investing activities		
Purchase of property and equipment	(642)	(4,814)
Investments in subsidiaries	(1,000)	-
Net cash used in investing activities	**(1,642)**	**(4,814)**
Cash flow from financing activities		
Proceeds from line of credit availed	6,000,000	-
Loan given to subsidiary	(6,000,000)	-
Net cash used in financing activities	**-**	**-**
Net increase in cash and cash equivalents during the year	**(457,465)**	**1,386,595**
Cash and cash equivalents at the beginning of the year	1,978,036	591,441
Cash and cash equivalents at the end of the year	**1,520,571**	**1,978,036**
Supplemental cash flow information		
Income tax paid, net	570,531	313,360

(The accompanying notes are an integral part of these separate parent company financial statements)

(See independent accountant's review report)

Notes to Separate Parent Company Financial Statements

(All amounts are in United State Dollars, unless otherwise stated)

NOTE A - NATURE OF OPERATIONS

Granules USA, Inc ("Granules" and "the Company") was incorporated on March 5, 2003 in Delaware. Granules is a wholly owned subsidiary of Granules India Limited ("GIL"), a company incorporated in India.

Granules acts as an exclusive front-end value chain for GIL and develops market for the products manufactured by GIL. The business of GIL comprises of manufacture and sale of pharmaceutical products.

On June 15, 2021, the Company incorporated Granules Consumer Health, Inc. ("GCH") as its wholly owned subsidiary. It was incorporated for the purpose of transferring the retail business of the Company to GCH.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying separate parent company financial statements are as follows:

1. *Basis of preparation*

   a. The accompanying separate parent company financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ('US GAAP') to reflect the financial position, results of operation and cash flows of the Company. In these separate parent company financial statements, the Company reports investments in its wholly owned subsidiaries, Granules Consumer Health, Inc. ("GCH") on a cost basis. Accounting principles generally accepted in the United States of America require that all wholly owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of these subsidiaries had been consolidated with that of the Company, total assets would have decreased by $397,731; total liabilities would have decreased by $202,273 as at March 31, 2022; and member's equity would have decreased by $195,458 as of March 31, 2022; net profit would have decreased by $195,458, for the year then ended.

   b. These separate parent company financial statements are presented for the year ended March 31, 2022 and March 31, 2021.

2. *Estimates and assumptions*

   The preparation of separate parent company financial statements and related disclosures in conformity with generally accepted accounting principles 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 separate parent company financial statements and revenues and expenses during the period reported. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property, machinery and equipment, allowances for doubtful accounts, recognition of deferred tax assets, inventories, and provision for employee benefit obligations, income tax uncertainties, and other contingencies. The estimates are made using historical information and other relevant factors available to management. Management believes that the estimates used in the preparation of the separate parent company 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. Any revision in accounting estimate is recognized prospectively in the current and future period.

3. *Cash and cash equivalents*

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

4. *Accounts receivable & allowance for doubtful accounts*

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and the customers' financial condition, the amounts of receivables in dispute, and the current receivables ageing and current payment patterns. The Company reviews its allowance for doubtful accounts monthly. Past due balances over 180 days and over a specified amount are reviewed individually for collectability. Allowance for doubtful accounts is included in marketing and selling expenses in the statement of income. The Company charges off uncollectable amounts against the reserves in the period in which it determines they are uncollectable.

5. *Property and equipment*

Property and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property, and equipment comprises cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates property and equipment over the estimated useful life using the straight-line method. Expenditures for maintenance and repairs are charged to expense. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited to statements of income.

The estimated useful lives used to determine depreciation are:

Nature of assets	Estimated useful life of assets
Furniture and fixtures	3 to 7 years
Computers	3 to 5 years
Equipment	3 to 7 years
Vehicles	5 years
Improvements	15 years

6. *Intangible assets*

The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortizable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required.

Nature of assets	Estimated useful life of assets
Technical know how	15 years

7. *Impairment of long-lived assets*

Long-lived assets, including 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.

8. *Revenue recognition*

The Company adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) as of April 01, 2019.

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. The Company's global payment terms are typically between 30-75 days. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods. A performance obligation is a promise in a contract to transfer a distinct good 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.

The Company's performance obligations are satisfied at a point in time. This includes sales of the Company's portfolio of paracetamols and other product. For most of these sales, the Company's performance obligation is satisfied upon delivery to the customer. Shipping and handling activities are fulfillment activities and are not considered to be a separate performance obligation.

Significant judgments

Provisions for sales discount, damaged product returns, exchanges of expired products are established as a reduction of product sales revenue at the time such revenues are recognized. Certain discount and rebate programs extended to customers pursuant to the industry standards, are recognized as a reduction from product sales revenue at the time of revenue recognition.

Please refer Note N "Revenue from contracts with customers" for further information on the Company's revenue.

9. *Leases*

The Company accounts for the lease of its office space as an operating lease. The related rentals are charged to expense based on the lease agreement in the period it is incurred.

10. *Investments*

Investments are carried at cost. Acquisition related expenditure if any, is expensed in the year of incurring the same.

11. *Income taxes*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the separate parent company financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit 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. A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. ASC 740 also provides guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. All deferred tax assets and liabilities, along with any related valuation allowance, is classified as non-current on the balance sheets.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes.

12. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but disclosed in notes. Contingent assets are neither recognized nor disclosed.

13. *Retirement and employee benefits*

Contribution to defined contribution plans is charged to statements of income in the year in which they accrue.

14. *Fair value measurements and financial instruments*

Assets and liabilities recorded at fair value in the separate parent company 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. The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, loan from related parties, due to and from related parties, and other current liabilities. The estimated fair value of cash, accounts receivable, accounts payable, loan from related parties, due to and from related parties and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

15. *Recent accounting pronouncements*

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize right-of-use assets, representing their right to use the underlying asset for the lease term, and lease liabilities on the balance sheet for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing and uncertainty of cash flows arising from leases. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The guidance is effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early adoption is permitted. The Company is currently evaluating the impact of the same.

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at	
	March 31, 2022	**March 31, 2022**
Bank balance	1,520,571	1,978,036
Total	**1,520,571**	**1,978,036**

Cash balances on deposits with banks in the United States are insured by the Federal Deposit Insurance Corporation up to an aggregate of $250,000.

NOTE D - ACCOUNTS RECEIVABLE, NET

The Company maintains an allowance for doubtful debts on all accounts receivable, based on present and prospective financial condition of the customer and aging of accounts receivable after considering historical experience and the current economic environment.

Accounts receivable, net comprise the following:

	As at	
	March 31, 2022	**March 31, 2022**
Due from customers	12,852,741	12,491,575
Total	**12,852,741**	**12,491,575**

NOTE E - INVENTORIES

Inventories comprise the following:

	As at	
	March 31, 2022	**March 31, 2021**
Packaging material	961,285	569,026
Finished goods	16,034,244	14,742,716
Inventory reserve	(1,530,165)	(94,908)
Total	**15,465,364**	**15,216,834**

Movement in inventory reserve is shown as under:

	Year ended	
	March 31, 2022	March 31, 2021
Balance at beginning of the year	**94,908**	**7,700**
Provision during the year	1,435,257	87,208
Provision written off during the year	-	-
Balance at the end of the year	**1,530,165**	**94,908**

NOTE F - LOAN TO SUBSIDIARY

Loan to related party comprise the following:

	As at	
	March 31, 2022	March 31, 2021
Loan to subsidiary	6,000,000	-
Total	**6,000,000**	**-**

The Company advanced a loan to its subsidiary Granules Consumer Health, Inc. at coupon rate of 7% p.a for working capital purposes. In the current year ended March 31, 2022, Company earned an interest income amounting to $24,544.

NOTE G - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets comprise the following:

	As at	
	March 31, 2022	March 31, 2021
Advance income taxes	74,747	370,182
Prepaid insurance	63,057	-
Revenue advances	1,950	-
Total	**139,754**	**370,182**

NOTE H - PROPERTY & EQUIPMENT, NET

Property & equipment, net comprises the following:

	As at	
	March 31, 2022	March 31, 2021
Automobile	45,970	45,970
Furniture and fixtures	58,787	58,787
Leasehold improvements	26,952	26,952
Pharmaceutical equipment	65,309	65,309
Office equipment	65,456	64,814
Total property, plant & equipment	**262,474**	**261,832**
Less: accumulated depreciation	(239,132)	(227,512)
Total property, plant & equipment, net	**23,342**	**34,320**

Depreciation expense for the year ended March 31, 2022 and March 31, 2021 was $11,620 and $21,197, respectively

NOTE I - LINE OF CREDIT

Line of credit comprise the following:

	As at	
	March 31, 2022	**March 31, 2021**
Line of credit	6,000,000	-
Total	**6,000,000**	**-**

Under a line of credit agreement (the "agreement") with a bank, the Company has available limit of $15,000,000, out of which the company utilized $6,000,000. The interest rate as per the agreement was stipulated at 0.90% plus the applicable Compounded Reference Rate (an average effective rate of 1.20% for the year ended March 31, 2022). The interest expense for the year ended March 31, 2022, was $26,544.

NOTE J - OTHER CURRENT LIABILITIES

Other current liabilities comprise the following:

	As at	
	March 31, 2022	**March 31, 2021**
Employee benefits	402,629	192,954
Advance from customer	63,991	-
Accrued interest	26,544	
Other liabilities	-	6,482
Total	**493,164**	**199,436**

NOTE K - RETIREMENT BENEFITS

The Company has a 401(k) Defined Contribution plan. Under the 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 makes a matching contribution to the plan up to 2% of employee wages for those electing to participate in the plan. The total employer contribution for the year ended March 31, 2022 and March 31, 2021, was $42,702 and $40,819. The 401k contribution is charged to expense in the period in which they are incurred.

NOTE L - INCOME TAXES

For the year ended March 31, 2022, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

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

	Year ended	
	March 31, 2022	**March 31, 2021**
Current tax		
Federal	226,257	(268,673)
State	70,908	129,754
Total current tax expenses/(benefit)	**297,165**	**(138,919)**
Deferred tax		
Federal	(55,391)	555,906
State	(21,163)	34,564
Total deferred tax expenses/(benefit)	**(76,554)**	**590,470**
Income tax expense	**220,611**	**451,551**

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	Year ended	
	March 31, 2022	**March 31, 2021**
Income tax at federal rate	183,569	403,987
Deferred tax true up - federal	4,897	565,699
State tax, net of federal effect	32,076	137,069
Permanent differences	69	(86,802)
Impact on carryback of net operating losses	-	(568,402)
Total income tax expenses	**220,611**	**451,551**

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 at	
	March 31, 2022	**March 31, 2021**
Non-current deferred tax liabilities:		
- Depreciation and amortization	(2,581)	(4,991)
Total deferred tax liability	**(2,581)**	**(4,991)**
Non-current deferred tax assets:		
- Net operating losses (NOL's)	9,250	7,832
- Accrued bonus	93,464	34,183
- Provision for expiry stock	29,302	24,842
- Inventory	51,168	42,483
- Deferred revenue	1,846	1,846
Total deferred tax asset	**185,030**	**111,186**
Net deferred tax assets	**182,449**	**106,195**

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

The Company has recognized deferred tax asset of $182,449 and $106,195 as of March 31, 2022 and March 31, 2021 on account of temporary differences arising out for tax purposes.

The Company has no federal NOLs as at March 31, 2022 and March 31, 2021 respectively. The Company has state net operating loss carryforwards of approximately $208,997 and $371,273 as at March 31, 2022 and March 31, 2021 respectively, which if unutilized will expire based on the state statutes.

Accounting for uncertain tax positions

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the separate parent company financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. Interest and penalties, if incurred, are recognized in the statement of income.

The Company has no unrecognized tax positions at March 31, 2022 and March 31, 2021. The tax years of 2018 through 2020 remain subject to examination by the taxing authorities.

NOTE M - COMMITMENTS AND CONTINGENCIES

The Company leases the premises under the long-term operating lease arrangement. The Company entered into a lease for the new premises on November 1, 2014 for a lease period of 88 months. The rent expense for office space was $90,168 and $82,854 for the year ended March 31, 2022 and March 31, 2021. The lease period of 88 months ended on March 31, 2022.

Open litigation as of March 31, 2022

a) **Zantac (ranitidine) MDL Vs Granules USA, Inc:** There is a large multi-district litigation (MDL) pending in the United States District for the Southern District of Florida. The claims in the Master Personal Injury Complaint ('MPIC') include personal injury claims by plaintiffs that the Zantac and/or ranitidine manufactured and/or sold by defendants was contaminated with NDMA. Of note, the FDA did require all companies that sold Zantac and/or ranitidine to recall the products in late 2019. There are currently approximately 96 plaintiffs that have filed individual Short Form Complaints against the Granules entities. Plaintiffs claim that they developed numerous types of cancer as a result of the NDMA in the ranitidine product manufactured by Granules India and sold by Granules USA. The litigation is still in the pleadings stage with Motions to Dismiss still pending. However, the court has also set an aggressive discovery schedule therefore Granules is currently in the process of producing documents and preparing witnesses for their upcoming depositions. There have not yet been any settlement demands advanced to Granules.

b) **NDMA Claims Vs Granules USA, Inc. :** During the year 2019-20, the Company received a class action suit from a plaintiff stating that one of the products of the Company – Metformin had a carcinogenic element. However, the USFDA obtained test results from the Company and issued a clean report. As of March 31, 2022, the litigation is active. The legal attorney is unable to state that an outcome unfavorable to the Company is either probable or remote, nor they are in a position to provide an estimate of the amount or range of potential loss in the event of an unfavorable outcome.

c) **Russel Hawkins Vs Granules USA, Inc. :**A case was filed on behalf of plaintiff, Russel Hawkins. Plaintiff alleges that he was prescribed Metformin in 2017 and after 2 years he was diagnosed with multiple Myeloma in September 2019 causing his kidneys to fail. Plaintiff's counsel agreed that the case should be voluntarily withdrawn by his client. Granules USA, Inc. is awaiting voluntary dismissal of the case.

d) **Center for Environmental Health (CEH) Vs Granules USA, Inc. :** The private plaintiff/CEH is a non-profit corporation that is suing a number of businesses in public interest. Plaintiff claims that the named defendants including GUSA manufactured and/or distributed for sale in California, over the counter ranitidine that were contaminated with NDMA. Plaintiff alleges that the defendants failed to provide with their products a clear and reasonable warning regarding the hazards of NDMA. The matter is currently on appeal. On October 07, 2021, CEH timely filled its appeal from judgement the trail court entered as to Generics and Retailers. Generics and Retailers filled responses to the appeal on April 21, 2022 and same is currently under advisement with the Court of Appeal of California.

NOTE N - RELATED PARTY TRANSACTIONS

A. List of related parties with whom transactions have taken place:

No	Name of the party	Nature of relationship
1	Granules India Limited	Parent company
2	Granules Pharmaceuticals, Inc.	Affiliate company

B. The Company had transactions in the ordinary course of business with the following related parties:

	March 31, 2022	March 31, 2021
Granules India Limited		
Transaction during the year ended		
- Purchase of goods	51,831,124	67,019,520
- Expenses incurred for the Company	-	101
Balance		
- Accounts payable	21,656,288	27,653,940
Granules Pharmaceuticals, Inc		
Transaction during the year ended		
- Sale of goods	638,840	26,735
- Expenses incurred for the Company	-	5,000
Balance		
- Accounts receivable	97,394	7,625
Granules Consumer Healthcare, Inc		
Transaction during the year ended		
- Advance to related party	6,000,000	-
- Interest receivable on loan *(included in other current liability)*	26,544	-
- Reimbursement of expenses	343,795	-
Balance		
- Loan to subsidiary	6,000,000	-
- Accounts payable	343,795	-

NOTE O - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates revenue by source of revenue.

	Year ended	
	March 31, 2022	March 31, 2021
Sale of goods	69,435,226	69,612,400
Total	**69,435,226**	**69,612,400**

The following table disaggregates revenue based on geographical regions.

	Year ended	
	March 31, 2022	March 31, 2021
United States of America	68,286,818	68,575,320
Canada	451,940	1,025,440
Panama	-	8,400
Columbia	-	3,240
Belgium	617,640	-
India	78,828	-
Total	**69,435,226**	**69,612,400**

The following table presents revenue disaggregated by timing of recognition:

	Year ended	
	March 31, 2022	March 31, 2021
Products transferred at a point in time	69,435,226	69,612,400
Total	**69,435,226**	**69,612,400**

Contract balances

The contract liabilities primarily relate to advance consideration received from customers for sale of products, for which revenue is recorded at a point in time and trade receivables are non-interest bearing and are generally on terms of 60 to 90 days.

	As at	
	March 31, 2022	March 31, 2021
Accounts receivable *(due from related parties and third parties)*	12,950,135	12,499,200

NOTE P - STOCKHOLDER'S EQUITY

The Company had an authorized capital of 2,500,000 shares of its common stock, at $0.10 par value per share as of March 31, 2022 and March 31, 2021. The Company had 700,000 common stocks issued and outstanding as of March 31, 2022 and March 31, 2021. There were no shares issued during the year ended March 31, 2022 and March 31, 2021.

NOTE Q - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2022 up through June 22, 2022, the date the separate parent company financial statements are available to be issued. Based on the evaluation, there are no material effects of the same on the financial statement as on June 22, 2022, that would require recognition or disclosure.