Indo Count Global Inc. and subsidiaries

Consolidated Financial Statements

March 31, 2026, and March 31, 2025 (restated)

KNAV CPA LLP

Certified Public Accountants

One Lakeside Commons, Suite 850,

990 Hammond Drive NE,

Atlanta, GA 30328

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Independent Auditor's Report

To the Shareholder
Indo Count Global Inc. and subsidiaries

Opinion

We have audited the consolidated financial statements of Indo Count Global Inc. and subsidiaries (collectively, the "Company" or the "Group"), which comprise the consolidated balance sheets as of March 31, 2026, and March 31, 2025 (restated), and the related consolidated statements of operations, consolidated statements of changes in equity and consolidated cash flows for the years then ended, and the related notes to the consolidated financial statements (also referred to as "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial positions of the Group as of March 31, 2026, and March 31, 2025 (restated), and the consolidated results of its operations and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note C to the consolidated financial statements, which describes the acquisitions of Fluvitex USA, Inc and Modern Home Textiles, Inc. During the current year, the Company finalized the purchase price allocation related to these acquisitions in accordance with Accounting Standard Codification ('ASC') 805, Business Combinations. As described in Note X, the comparative March 31, 2025, consolidated financial statements have been retrospectively adjusted to reflect the final purchase price allocation. Our opinion is not modified with respect to this matter.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about of the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

KNAV CPA LLP

Atlanta, Georgia
July 15, 2026

Consolidated Financial Statements

Consolidated balance sheets

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

	As at March 31, 2026	As at March 31, 2025 (Restated)
ASSETS		
Current assets		
Cash	2,116,807	2,399,926
Accounts receivable, net of allowances	14,205,534	6,991,119
Due from factor	5,188,558	3,739,551
Inventories, net	27,106,568	32,715,704
Prepaid income tax	221,000	290,854
Other current assets	726,810	1,047,105
Total current assets	**49,565,277**	**47,184,259**
Restricted cash	500,000	500,000
Property, plant and equipment, net	26,669,826	13,844,323
Capital work-in-progress	-	131,596
Right-of-use assets – operating lease	20,961,887	19,526,038
Goodwill and other intangible assets, net	30,959,865	31,104,766
Intangible assets under development	-	245,000
Other assets	727,181	4,121,216
Total assets	**129,384,036**	**116,657,198**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	8,365,958	5,072,229
Due to related party	27,678,919	27,429,220
Current maturities of long-term debt	4,600,000	4,728,198
Operating lease liability, current portion	3,526,015	1,464,530
Other current liabilities	8,024,761	5,762,659
Total current liabilities	**52,195,653**	**44,456,836**
Loans from related party	14,750,000	14,750,000
Long term debt, net of current portion	26,950,000	19,550,000
Subordinated debt - related party	2,000,000	2,000,000
Operating lease liability, non-current portion	19,163,030	18,740,582
Deferred tax liabilities	58,952	693,327
Other liabilities	4,335,550	4,056,224
Total liabilities	**119,453,185**	**104,246,969**
Common stock, no par value, authorized 10,000 shares, issued and outstanding 1,350 shares (March 31, 2025: 1,350 shares)	-	-
Additional paid-in capital	5,723,424	5,723,424
Retained earnings	4,207,427	6,686,805
Total stockholder's equity	**9,930,851**	**12,410,229**
Total liabilities and stockholder's equity	**129,384,036**	**116,657,198**

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

Consolidated statements of operations

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

	For the year ended March 31, 2026	For the year ended March 31, 2025 (Restated)
Operating revenue	148,580,468	100,811,508
Less: sales returns, discounts, and allowances	(10,847,403)	(8,391,968)
Net operating revenue	**137,733,065**	**92,419,540**
Less: cost of revenue	96,121,039	64,377,740
Gross profit	**41,612,026**	**28,041,800**
Operating expenses		
Selling, general, and administrative expenses	36,687,193	22,505,234
Depreciation and amortization expense	4,133,484	2,418,584
Total operating expenses	**40,820,677**	**24,923,818**
Profit from operations	**791,349**	**3,117,982**
Other expenses (income)		
Finance cost	3,719,590	2,248,566
Factoring expenses	294,633	280,656
Sundry balances written back	(48,214)	-
Other income	(70,320)	-
Total other expenses	**3,895,689**	**2,529,222**
(Loss) income before income taxes	**(3,104,340)**	**588,760**
Income taxes		
Current tax expense	9,413	161,043
Deferred tax benefit	(634,375)	(53,602)
Total tax (benefit) expense	**(624,962)**	**107,441**
Net (loss) profit*	**(2,479,378)**	**481,319**

*The entire net (loss) profit for the years ended March 31, 2026, and March 31, 2025, have been attributed to Indo Count Global Inc., as the minority shareholder has contractually waived its rights to dividends and does not participate in the results of operations *(refer note C)*.

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

Consolidated statements of changes in stockholder's equity

(All amounts are in United States Dollars, except the number of shares or unless otherwise stated)

Particulars	Common stock: Authorized	Common stock: Value*	Common stock: Issued & outstanding	Common stock: Value*	Additional paid-in capital	Accumulated surplus	Total stockholder's equity
Balance as at April 1, 2024	**10,000**	**-**	**800**	**-**	**800,000**	**6,205,486**	**7,005,486**
Shares issued during the year			550		4,923,424	-	4,923,424
Profit for the year (restated)	-	-	-	-	-	481,319	481,319
Balance as at March 31, 2025 (restated)	**10,000**	**-**	**1,350**	**-**	**5,723,424**	**6,686,805**	**12,410,229**
Balance as at April 1, 2025 (restated)	**10,000**	**-**	**1,350**	**-**	**5,723,424**	**6,686,805**	**12,410,229**
Loss for the year	-	-	-	-	-	(2,479,378)	(2,479,378)
Balance as at March 31, 2026	**10,000**	**-**	**1,350**	**-**	**5,723,424**	**4,207,427**	**9,930,851**

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

*Par value of common stock is $Nil.

Consolidated statements of cash flows

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

	For the year ended March 31, 2026	March 31, 2025 (Restated)
Cash flows from operating activities		
Net (loss) profit	(2,479,378)	481,319
Adjustments to reconcile net (loss) profit to net cash provided by operating activities:		
Interest unwinding on put option liability	279,326	153,686
Allowance for inventory reserve	623,072	-
Sundry balances written back	(48,214)	-
Depreciation and amortization	4,133,484	2,418,584
Bad debt expense	43,396	-
Deferred tax (benefit)	(634,375)	(53,602)
Changes in assets and liabilities		
Accounts receivables	(7,257,811)	(3,249,964)
Due from factor	(1,449,007)	5,410,374
Inventories	4,986,064	(14,228,198)
Other assets	246,832	(887,133)
Prepaid income taxes	69,854	(350,415)
Accounts payable, including due to related party	3,543,428	17,888,680
Other current liabilities	1,914,386	4,117,249
Operating lease, right-of-use asset, and liability	1,048,084	422,620
Net cash provided by operating activities	**5,019,141**	**12,123,200**
Cash flows from investing activities		
Purchase of property, plant, and equipment, including capital advances	(11,198,153)	(5,396,730)
Acquisition of intangible assets, including expenditure on development of intangible assets	(1,375,909)	(11,169,058)
Acquisition of Modern Home Textiles Inc. *(refer note C)*	-	(11,892,467)
Acquisition of Fluvitex USA, Inc., net of cash *(refer note C)*	-	(18,538,885)
Net cash used in investing activities	**(12,574,062)**	**(46,997,140)**
Cash flows from financing activities		
Proceeds from long-term debt during the year	12,000,000	33,250,000
Repayments of long term debt during the year	(4,728,198)	(1,161,291)
Proceeds from the issue of equity shares	-	4,923,424
Net cash provided by financing activities	**7,271,802**	**37,012,133**
Net (decrease) increase in cash and restricted cash	(283,119)	2,138,193
Cash and restricted cash at the beginning of the year	2,899,926	761,733
Cash and restricted cash at the end of the year	**2,616,807**	**2,899,926**
Supplementary cash flow information		
Interest paid	2,850,340	387,047
Income tax paid	57,772	313,234

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

Notes to consolidated financial statements

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

NOTE A - NATURE OF OPERATIONS

Indo Count Global Inc. ("ICG") was incorporated in the State of Delaware in January 2011 as a wholesaler of linens to chain stores throughout the United States and Canada. ICG is a wholly owned subsidiary of Indo Count Industries Limited (the "Parent Company" or "ICIL"), a public company, listed on the Indian stock exchange.

On August 31, 2024, ICG acquired 81% of the outstanding equity interest in Fluvitex USA, Inc. ("Fluvitex"), a Delaware corporation. This acquisition has enabled the Group to improve its presence in the utility bedding segment in North America, thereby increasing its market share.

On October 11, 2024, the Company acquired a 100% controlling stake in Modern Home Textiles Inc. ("MHT"), a Delaware corporation. This acquisition has further enabled the Group to improve its presence in the utility bedding segment in North America, thereby increasing its market share.

During the year ended March 31, 2025, the Company incorporated a wholly owned subsidiary, "Indo Count Global East, Inc.," in the State of Delaware, USA, to carry on the business of utility bedding products at a leased premise in North Carolina. Indo Count Global East, Inc. has commenced operations in January 2026.

In June 2025, the Company incorporated a wholly owned subsidiary, "Indo Count (Shanghai) Co. Ltd. (ICG China)" in the People's Republic of China for the purpose of sourcing materials from China.

Indo Count Global Inc., and its subsidiaries, together, are referred to as the "Company" or the "Group".

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. *Basis of preparation*
    a) The accompanying 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.

    b) The financial statements presented include the consolidated financial statements for the year ended March 31, 2026, and March 31, 2025, cumulatively referred to as the "consolidated financial statements" or "financial statements".

    c) Certain reclassifications, regroupings, and reworkings have been made in the financial statements of the prior year to conform to the classifications used in the current year. These changes had no impact on previously reported net income, stockholder's equity and cash flows.

2. *Principles of consolidation*

The consolidated financial statements include the accounts of Indo Count Global Inc. and its subsidiaries. Upon consolidation, all intercompany balances and transactions have been eliminated.

3. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's most significant estimates relate to the useful lives of property and equipment, and intangibles, impairment of financial assets, impairment of goodwill and other intangible assets, deferred taxes, expected credit losses, provision for customer rebates, chargebacks and returns, inventory reserve, the measurement of lease liabilities and right-of-use (ROU) assets, estimation relating to unsettled transactions 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 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 the circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

4. Cash and restricted cash

Cash includes cash on hand and balances with the banks. The Company maintains its cash balances in financial institutions, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk on the cash balance.

The Company is required to maintain a certain balance as a collateral deposit against the use of the factoring services. The same has been classified under restricted cash in the consolidated balance sheets.

5. Revenue recognition

The core principle of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To achieve this core principle, the Company has applied the five-step process:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue when or as the Company satisfies a performance obligation.

This requires the Company to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time, based on when control of goods and services transfers to a customer. The contracts have a single performance obligation: the promise to transfer the individual goods, which occurs when the inventory is shipped to the customer. Shipping and handling activities performed after control of the goods has transferred to the customer are accounted for as fulfillment activities rather than as a separate performance obligation. The related costs are recognized in cost of revenue as incurred

The Company's customers are large retailers and are located in the United States of America. The Company's sales occur throughout the year and are not seasonal.

The Company provides various allowances and discounts to customers, including discounts for prompt payment, sales returns, and rebates. Estimates are made of anticipated returns or other allowances based on historical experience and a provision is made. Similarly, accruals for customer discounts and rebates are recorded when the related revenue is recognized.

Net sales for the years ended March 31, 2026, and March 31, 2025, reported on the consolidated statements of operations, represent gross sales less discounts, rebates, chargebacks, returns, and allowances.

The Company recognizes contract assets or contract liabilities when the timing of revenue recognition differs from the timing of customer billings or cash collections. As of March 31, 2026, and March 31, 2025, the Company had no contract assets or contract liabilities.

6. Expected credit losses

Under Accounting Standard Codification ('ASC') 326, accounts receivable are recorded at the invoiced amount, net of provisions for chargebacks, discounts, and others, and provisions for credit losses are recorded at the invoiced amount, net of provisions for chargebacks, discounts, and others, and provisions for credit losses. The Company regularly reviews the adequacy of the provision for credit loss based on a combination of factors. In establishing any required allowance, management considers historical losses adjusted for current market conditions, the current receivables aging, current payment terms, and expectations of forward-looking loss estimates.

7. Property, plant, and equipment, net and depreciation

Property, plant, and equipment are stated at cost less accumulated depreciation and amortization and include expenditures for significant items. Maintenance, repairs, and minor replacements are expensed. Depreciation and amortization are provided on a straight-line basis based on the expected useful lives of the related assets. Leasehold improvements are amortized over the shorter of their estimated useful lives or the underlying lease term. Gains or losses on dispositions are reflected in income. The Company evaluates property, plant, and equipment for impairment using an undiscounted cash flows recoverability test whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There was no impairment adjustment deemed necessary by management for the years ended March 31, 2026, and March 31, 2025 (restated).

The estimated useful lives used to determine depreciation are:

Nature of assets	Estimated useful life of assets
Leasehold improvements	Shorter of estimated useful life or underlying lease term
Furniture and fixtures	2-10 years
Machinery and equipment	7-15 years
Other equipment	2-8 years
Vehicles	5 years

8. Business combinations, goodwill, and other intangibles

In accordance with Accounting Standard Codification ("ASC") 805, "Business Combinations", the Company uses the purchase method of accounting for all business combinations. Intangible assets acquired in a business combination are recognized and reported apart from goodwill if they meet the criteria specified in ASC 805.

Goodwill is attributable to the workforce and the high profitability of the acquired entities. This goodwill is not deductible for tax purposes. The Company has elected to test goodwill for impairment at the reporting unit level upon a triggering event that indicates that the fair value of the reporting unit may be below its carrying amount. No triggering events occurred during the years ended March 31, 2026, and March 31, 2025.

Intangible assets are amortized over their estimated useful lives in a manner that reflects the pattern in which the economic benefits of the intangible assets are consumed. The recoverability of intangible assets and other long-lived assets is assessed only when events have occurred that may give rise to impairment. If a potential impairment has been identified, forecasted undiscounted net cash flows of the operations to which the asset relates are compared to the current carrying value of the long-lived assets present in that operation. If such cash flows are less than such carrying amounts, the long-lived assets, including such intangibles, are written down to their respective fair values.

The estimated useful lives of the amortizable intangible assets are as follows:

Nature of assets	Estimated useful life of assets
Software	5-7 years
Brand	15 years
Customer relationships	10-15 years
Know-how	12 years
Patents	9 years

9. Internally used software
Expenses incurred during the research phase of internally used software are expensed as incurred. An intangible asset arising from development and product enhancements is capitalized once the requisite conditions as per Accounting Standard Codification (ASC) 350-40 "Intangible – Goodwill and others – Internal-Use Software" have been met. The cost of internally developed intangible assets comprises all directly attributable costs necessary to make the asset capable of being used as intended by management. Capitalized assets are amortized on the straight-line method over the estimated economic life of the software, including the period being reported on.

10. Impairment of long-lived assets
Long-lived assets, including certain intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairments were identified or recorded during the years ended March 31, 2026, and March 31, 2025.

11. Advertising expense
Advertising costs are expensed as incurred. Advertising expenses for the years ended March 31, 2026, and March 31, 2025, were approximately $2,334,035 and $2,136,464, respectively.

12. Shipping and handling expenses
The Company uses third-party service providers to warehouse the inventory and provide shipping services. Shipping and handling expenses in the accompanying statements of operations, which totalled $4,236,768 and $5,921,212 for the years ended March 31, 2026, and March 31, 2025, respectively

13. Retirement and employee benefits
Contributions to defined contribution plans are charged to statements of operations and retained earnings in the year in which they accrue.

14. Inventories
Inventories are valued at the lower of cost and net realizable value. The costs of individual items are determined on a weighted average basis. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

a) Raw materials, traded goods and packing materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

b) Finished goods and work in progress: Cost comprises direct materials, direct labor, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Slow-moving, non-moving, obsolete, and defective inventories are duly provided for based on management's estimate, considering their condition and future sales forecasts. A reserve was recorded for the years ended March 31, 2026, and March 31, 2025(restated), in the amounts of $773,072 and $150,000, respectively.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

15. Income taxes
The Company is a "C" Corporation subject to federal, state, and local income taxes.

Deferred income taxes reflect the impact of "temporary differences" between the amounts of assets and liabilities for financial reporting purposes and those measured by tax laws and regulations. The type of temporary differences that gave rise to deferred taxes at March 31, 2026, and 2025 are tax inventory capitalization costs, inventory obsolescence reserves, straight-lining of rent expense, timing of expenses, and differences between book depreciation and tax depreciation, as well as book amortization and tax amortization.

The total net deferred tax asset or liability been recorded due to certain qualified costs deducted for financial reporting purposes being capitalized into the inventories for tax purposes, additionally rent expenses now codified as Accounting Standards Codification (“ASC”) 842, “Leases” the straight-lining of rent expense for financial reporting purposes as compared to actual rent paid for tax purposes, inventory reserves, timing of deduction of expenses for tax purposes and depreciation as well as amortization. When necessary, valuation allowances are established to reduce deferred tax assets to the amounts expected to be realized. No valuation allowance was required as of March 31, 2026, and 2025. The net deferred income tax asset or liability is classified as non-current on the balance sheets.

U.S. GAAP requires that the financial statement effects of an uncertain tax position be recognized based on the outcome that is more likely than not to occur. Under this criterion, the most likely resolution of an uncertain tax position should be analyzed based on technical merits and on the outcome that will likely be sustained under examination and recognize any interest and penalties.

The Company’s policy is to recognize accrued interest and penalties related to unrecognized tax benefits as income tax expense. As of March 31, 2026, and March 31, 2025, the Company has determined that it has no uncertain tax positions that require either recognition or disclosure to the financial statements.

16. Functional currency
The functional currency for the Company and its subsidiaries is the United States Dollar (“USD”), except for ICG China, whose functional currency is Chinese Yuan Renminbi (“RMB”).

17. Operating leases
The lease standard requires all leases to be reported on the balance sheet as operating lease right-of-use assets and lease obligations. The Company’s leases are classified as operating leases, which are included in operating lease right-of-use assets and operating lease liabilities in the Company’s balance sheet. Right-of-use assets and lease liabilities are recognized at the commencement date at the present value of the future minimum lease payments over the lease term for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company's estimation considers the market rates of the Company's outstanding collateralized borrowings and interpolations of rates outside of the terms of the outstanding borrowings, including comparisons to comparable borrowings of similarly rated companies with longer-term borrowings. Operating lease expense is recognized on a straight-line basis over the lease term and is included in general and administrative expense. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

18. Commitment and contingencies
Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and 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, if any, are not recognized but are disclosed in the notes to financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

19. Fair value measurements
Assets and liabilities recorded at fair value in the balance sheets are measured and classified in accordance with a fair value hierarchy consisting of three "levels" based on the observability of inputs available in the marketplace used to measure the fair values as discussed below.

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 are 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. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement falls is determined by the lowest level input that is significant to the measurement.

NOTE C - BUSINESS ACQUISITION

Acquisition of Fluvitex USA, Inc.
On August 31, 2024, ICG acquired an 81% equity interest in Fluvitex USA, Inc. ("Fluvitex"), a Delaware corporation. The total consideration paid by the Company to the selling equity holders for the acquired interest is $19,630,000.

As part of the purchase agreement, the Company holds an exclusive and irrevocable option to acquire the remaining 19% equity interest (the "Balance Company Shares") from the erstwhile owners (the "Seller") in Fluvitex at a pre-determined Additional Purchase Price, exercisable at any time from the initial closing date through September 30, 2029. Additionally, the Seller holds an irrevocable option to require ICG to purchase the balance shares of Fluvitex from October 1, 2027, to September 30, 2029, at the same additional purchase price. The Seller has contractually waived rights to future dividends and voting rights associated with the balance of the Company's shares and therefore retains no substantive rights or ability to influence the operations of Fluvitex. Accordingly, ICG is considered to have acquired control over 100% of the equity interests as of the acquisition date. A financial liability namely 'Put-option liability' has been recognized under "Other liabilities" in the consolidated balance sheets for the obligation to acquire the remaining shares, measured at its present value in accordance with the applicable accounting standards. No non-controlling interest has been recorded in the financial statements.

The allocation of the purchase consideration to identifiable assets and liabilities acquired as part of the business combination has been finalized within one year of the acquisition date, in accordance with the requirements of ASC 805 "Business Combinations". Accordingly, the provisional amounts previously recognized have been retrospectively adjusted in these consolidated financial statements based on the finalized purchase price allocation, within the measurement period prescribed under the standard.

Impact of restatement on the date of acquisition is tabulated below:

Fair value of net identifiable assets acquired:

Assets and liabilities acquired	Restated	Provisional	Impact
Assets taken over			
Machinery and equipment	9,767,553	9,771,000	(3,447)
Customer relationships	3,725,000	7,803,000	(4,078,000)
Trade names	1,137,000	838,000	299,000
Other assets	294,008	294,008	-
Prepaid taxes	-	307,297	(307,297)
Inventories	5,677,000	5,677,000	-
Accounts receivable	2,695,276	2,695,276	-
Cash	1,091,115	1,091,115	-
Liabilities taken over			
Borrowings	(2,439,498)	(2,439,498)	-
Deferred tax liabilities (net)	(1,103,957)	(1,988,944)	884,987
Accounts payable	(3,429,000)	(3,429,000)	-
Other current liabilities	(540,997)	(540,997)	-
Taxes payable	(173,323)	-	(173,323)
Net identifiable assets acquired	**16,700,177**	**20,078,257**	**(3,378,080)**
Calculation of goodwill			
Consideration transferred	19,630,000	19,630,000	-
Add: fair value of put option liability	3,707,133	3,733,455	(26,322)
Less: net identifiable assets acquired	(16,700,177)	(20,078,257)	3,378,080
Goodwill at the time of acquisition	**6,636,956**	**3,285,198**	**3,351,758**

Acquisition of Modern Home Textiles Inc.

On October 11, 2024, the Company acquired a 100% controlling stake in Modern Home Textiles Inc. ("MHT"), a Delaware corporation. The total consideration paid by the Company to the selling equity holders for the acquired interest is $11,892,467.

The allocation of the purchase consideration towards identifiable assets and liabilities acquired as part of the business combination has been finalized within one year from the date of acquisition, in accordance with the requirements of ASC 805 "Business Combinations". Accordingly, the provisional amounts previously recognized have been retrospectively adjusted in these consolidated financial statements based on the finalized purchase price allocation, within the measurement period prescribed under the standard.

Impact of restatements on the date of acquisition is tabulated below:

Fair value of net identifiable assets acquired:

Assets and liabilities acquired	Restated	Provisional	Impact
Assets taken over			
Machinery and equipment	2,721,508	2,721,508	-
Customer relationships	1,250,000	-	1,250,000
Other assets	65,805	65,805	-
Inventories	1,373,199	2,223,144	(849,945)
Other current assets	166,141	166,141	-
Liabilities taken over			
Other current liabilities	(103,186)	(14,051)	(89,135)
Net identifiable assets acquired	**5,473,467**	**5,162,547**	**310,920**
Calculation of goodwill			
Consideration transferred	11,892,467	11,892,467	-
Less: net identifiable assets acquired	(5,473,467)	(5,162,547)	(310,920)
Goodwill at the time of acquisition	**6,419,000**	**6,729,920**	**(310,920)**

NOTE D - INVENTORIES, NET

Major classes of inventory are as follows:

	As at	
	March 31, 2026	March 31, 2025 (restated)
Raw materials*	12,995,134	5,145,478
Work in progress	253,990	141,817
Finished goods (inclusive of manufactured goods, traded goods and packing materials)**	14,630,516	27,578,409
Less: allowance for slow-moving inventory	(773,072)	(150,000)
Total	**27,106,568**	**32,715,704**

*Includes goods in transit amounting to $1,012,838 (March 31, 2025: $830,230).
**Includes goods in transit amounting to $560,361 (March 31, 2025: $847,389).

The movement in allowance for inventory during the years was as follows:

	For the year ended	
	March 31, 2026	March 31, 2025
Balance at the beginning of the year	150,000	150,000
Add: reserve created during the year	623,072	-
Less: utilized during the year	-	-
Balance at the end of the year	**773,072**	**150,000**

NOTE E - PROPERTY, PLANT AND EQUIPMENT, NET

	As at	
	March 31, 2026	March 31, 2025 (restated)
Machinery and equipment	23,849,739	11,066,453
Leasehold improvements	5,957,182	3,865,431
Other equipment	428,979	230,427
Furniture and fixtures	192,478	72,890
Vehicles	32,140	32,140
Gross block	**30,460,518**	**15,267,341**
Less: accumulated depreciation	(3,790,692)	(1,423,018)
Property, plant and equipment, net	**26,669,826**	**13,844,323**

Depreciation expense amounted to approximately $2,367,674 and $1,117,465 for the years ended March 31, 2026, and March 31, 2025, respectively.

NOTE F - GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill and other intangible assets as of March 31, 2026, consist of:

	Gross carrying amount	Accumulated amortization	Net carrying amount
Patents	1,500,000	(666,667)	833,333
Software*	2,898,750	(740,317)	2,158,433
Know-how	1,137,000	(150,021)	986,979
Customer relationships	4,975,000	(576,756)	4,398,244
Brand**	10,930,092	(1,403,172)	9,526,920
Goodwill	13,055,956	-	13,055,956
	34,496,798	**(3,536,933)**	**30,959,865**

Goodwill and other intangible assets as of March 31, 2025 (restated), consist of:

	Gross carrying amount (restated)	Accumulated amortization (restated)	Net carrying amount (restated)
Patents	1,500,000	(500,000)	1,000,000
Software*	1,428,935	(324,241)	1,104,694
Know-how	1,137,000	(55,271)	1,081,729
Customer relationships	4,975,000	(203,423)	4,771,577
Brand**	10,778,998	(688,188)	10,090,810
Goodwill	13,055,956	-	13,055,956
	32,875,889	**(1,771,123)**	**31,104,766**

Amortization expenses were $1,765,810 and $1,301,119 for the years ended March 31, 2026, and March 31, 2025, respectively.

*Software consists of website development costs and internally used software along with integration costs incurred.

**On April 19, 2024, the Company acquired the registered trademarks, trademark applications, associated intellectual property contracts and all domain names of the brand name 'Wamsutta' for a total consideration of $10,250,000. All the directly attributable costs to acquire the intangible assets have also been capitalized.

The Company's estimate of annual amortization expense for the next five years and thereafter for intangible assets is as follows:

	Patents	Customer relation-ships	Know-how	Software	Brand	Amount ($)
Year ended March 31,						
2027	166,667	373,333	94,750	495,823	732,840	1,863,413
2028	166,667	373,333	94,750	495,823	732,840	1,863,413
2029	166,667	373,333	94,750	495,823	732,840	1,863,413
2030	166,667	373,333	94,750	495,823	732,840	1,863,413
2031	166,665	373,333	94,750	175,141	732,840	1,542,729
2032 & thereafter	-	2,531,579	513,229	-	5,862,720	8,907,528
Total	**833,333**	**4,398,244**	**986,979**	**2,158,433**	**9,526,920**	**17,903,909**

NOTE G - INTANGIBLE ASSETS UNDER DEVELOPMENT

Intangible assets under development consist of:

	As at	
	March 31, 2026	March 31, 2025
Software	-	245,000
Total	**-**	**245,000**

NOTE H - CASH AND RESTRICTED CASH

For purposes of the statements of cash flows, the following table provides a reconciliation of cash and restricted cash reported within the balance sheets on March 31 that sum to the total of the identical amounts shown in the statements of cash flows.

	As at	
	March 31, 2026	March 31, 2025
Current		
Balance with banks	2,116,807	2,392,131
Cash on hand	-	7,795
Non-current		
Restricted cash*	500,000	500,000
Total cash and restricted cash are shown in the consolidated statements of cash flows	**2,616,807**	**2,899,926**

The Company maintains its cash at financial institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC") and are federally insured. Deposits held in non-interest-bearing transaction accounts are aggregated with any interest-bearing deposits up to the combined amount of $250,000 per depositor, per insured financial institution.

*The restricted cash balance was $500,000 as of both March 31, 2026, and March 31, 2025, is used as collateral for the Company's borrowing facility.

NOTE I - ACCOUNTS RECEIVABLE, NET OF ALLOWANCES

	As at	
	March 31, 2026	**March 31, 2025**
Accounts receivable	14,205,534	6,991,119
Less: allowance for expected credit losses	-	-
Total	**14,205,534**	**6,991,119**

NOTE J - DUE FROM FACTOR

The Company has a factoring agreement (the "agreement") with a financial institution where the Company sells approved accounts with or without recourse. The agreement also provides for a line of credit for advances based on a borrowing formula as defined therein, not to exceed $17,000,000, with a restricted cash collateral deposit of $500,000. The interest is accrued at rates based on the daily Prime Rate in effect on the last day of each month (3.25% minimum), less 0.50%. This financial institution has been given a security interest in substantially all the Indo Count Global Inc.'s assets. The agreement contains certain restrictive covenants.

The Parent Company has provided a guarantee of up to $5,000,000 under the agreement. The guaranteed amount as of both March 31, 2026, and March 31, 2025, is $5,000,000 plus expenses of collection in an amount equal to 30% of the guaranteed amounts (the "Maximum Guarantee Amount") plus interest and reasonable attorneys' fees.

As of March 31, 2026, and March 31, 2025, the Company had outstanding factored balances due under the credit facility of $5,188,558 and $3,739,551, respectively.

NOTE K - LOANS FROM RELATED PARTY

In February 2022, the Company obtained an unsecured loan from its Parent Company in the principal amount of $4,500,000, bearing interest at 6.50% per annum. During the year ended March 31, 2025, the repayment terms of the loan were amended such that the outstanding principal is repayable on or before March 31, 2030, at the option of the Company.

During the year ended March 31, 2025, the Company obtained an additional unsecured loan from its Parent Company in the principal amount of $10,250,000 bearing interest at 7.11% per annum and maturing on March 31, 2034.

During the year ended March 31, 2026, the interest rates applicable to the $4,500,000 and $10,250,000 loans were revised from 6.50% and 7.11% per annum to 6.45% and 6.58% per annum, respectively.

As of March 31, 2026, and March 31, 2025, the outstanding principal balance of loans due to the Parent Company amounted to $14,750,000 and $14,750,000, respectively.

Interest expense recognized in connection with these loans amounted to $964,700 and $999,312 for the years ended March 31, 2026, and March 31, 2025, respectively, and is included in finance costs in the consolidated statements of operations.

NOTE L - SUBORDINATED DEBT – RELATED PARTY

As required by the factoring agreement noted in Note J, the Company has subordinated trade payables due to its parent to the financial institution. As at March 31, 2026, and March 31, 2025, the subordinated indebtedness is $2,000,000 and $2,000,000 respectively. This loan is long-term and non-interest-bearing.

NOTE M - LONG TERM DEBT

	As at	
	March 31, 2026	**March 31, 2025**
Loans from banks	31,550,000	23,000,000
Loans from others	-	1,278,198
Total	**31,550,000**	**24,278,198**
Current maturities of long-term debt	4,600,000	4,728,198
Long term debt, net of current portion	26,950,000	19,550,000

Loans from banks

During the year ended March 31, 2025, the Company availed two unsecured term loans from a financial institution in the principal amounts of $15,000,000 and $8,000,000. The loan bear interest rates equal of 3-month SOFR + 2.05% per annum and 3-month SOFR + 2.20% per annum, respectively. The Parent Company has provided a corporate guarantee in respect of both loans. The loans are repayable in equal quarterly instalments of $750,000 and $400,000, respectively, commencing from September 30, 2025. The effective interest rate on these loans for the year ended March 31, 2026, and March 31, 2025, were 6.51% and 6.67%, respectively. As of March 31, 2026, the outstanding principal balances were $12,750,000 and $6,800,000, respectively. Of these, $3,000,000 and $1,600,000 have been classified as "current maturities of long-term debt" in the consolidated balance sheets.

During the year ended March 31, 2026, the Company availed an unsecured term loan from a financial institution amounting to $12,000,000, carrying interest rate of 5.35% p.a. A corporate guarantee for the term loan has been provided by the Parent Company. The loan is repayable in equal quarterly instalments of $857,143, commencing from September 26, 2027. As of March 31, 2026, the entire loan is classified as non-current.

Total interest expenses recognized on these loans for the years ended March 31, 2026, and March 31, 2025, amounted to $1,546,512 and $729,694, respectively and have been classified under "finance cost" in the consolidated statements of operations.

Following table depicts the repayment schedule for the term loans:

Year ended March 31	Amount ($)
2027	4,600,000
2028	7,171,429
2029	8,028,572
2030	8,028,572
2031	3,721,427
Total	**31,550,000**

Loans from others

The Company acquired two unsecured loans in connection with the acquisition of Fluvitex USA, Inc. from its former owners, effective September 1, 2024. The loan amounts were $1,873,189 and $566,300, on the date of acquisition, with an interest rate of 5.7% p.a. and 4% p.a., respectively. During the year ended March 31, 2026, the Company repaid the entire outstanding loan amounts.

For the years ended March 31, 2026, the Company had recognized total interest expenses of $31,870 and $62,823 on these loans, respectively and have been classified under "finance cost" in the consolidated statements of operations.

NOTE N - OTHER LIABILITIES

Other liabilities comprise of the following:

	As at	
	March 31, 2026	**March 31, 2025 (restated)**
Put-option liability *(refer note C)*	4,135,550	3,856,224
Other payables	200,000	200,000
Total	**4,335,550**	**4,056,224**

NOTE O - INCOME TAXES

The Group files consolidated federal and state tax returns per regulations applicable to Chapter C corporations in the United States of America.

Income tax expense is as follows:

	For the year ended	
	March 31, 2026	**March 31, 2025 (restated)**
Federal		
Current	-	81,474
Deferred	(550,835)	10,675
State		
Current	9,413	79,569
Deferred	(83,540)	(64,277)
Total tax expense	**(624,962)**	**107,441**

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:

	For the year ended	
	March 31, 2026	March 31, 2025 (restated)
Deferred tax assets:		
Brand	83,096	39,210
Lease liability	4,839,646	4,668,911
Inventory reserve	116,231	34,680
163(j) business interest limitation	708,229	301,283
263A capitalization	196,721	211,105
Net operating losses ('NOL's)	1,585,862	31,276
Allowance for doubtful debts	-	902
Accrued allowance and chargebacks	-	4,606
Disallowance u/s 267- interest	-	230,017
Disallowance u/s 267- commission	-	46,423
Total deferred tax assets	**7,529,785**	**5,568,413**
Deferred tax liabilities:		
Property, equipment, and software	(2,059,120)	(630,159)
Customer relationships	(706,017)	(819,546)
Trade name	(213,102)	(248,987)
Goodwill on acquisition	(137,001)	(46,266)
Right-of-use asset	(4,473,497)	(4,516,782)
Total deferred tax liabilities	**(7,588,737)**	**(6,261,740)**
Net deferred tax liability	**(58,952)**	**(693,327)**

Realization of net deferred tax assets is dependent upon the generation of sufficient taxable income in future years, the 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 a net deferred tax liability of $58,952 and $693,327 (restated) as of March 31, 2026, and March 31, 2025, respectively, arising from temporary differences between the financial reporting carrying amounts and the tax bases of assets and liabilities. The Company has federal NOLs of $7,266,082 and $Nil as on March 31, 2026, and March 31, 2025, respectively. The Company has state net operating loss carry forwards of $781,512 and $48,967 as on March 31, 2026, and March 31, 2025, respectively.

Accounting for uncertain tax position:

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of ASC 740, "Income Taxes" had no material effect on the Company's financial position, results of operation or cash flows.

The tax years of 2022 through 2024 remain subject to examination by the taxing authorities.

NOTE P - RETIREMENT PLANS

On June 1, 2015, the Company adopted a defined contribution 401(K) plan (the "Plan") covering all eligible employees. Employees are eligible to participate in the Plan commencing on their date of employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Company's discretionary contributions to the Plan for the years ended March 31, 2026, and March 31, 2025, amounted to $188,023 and $161,097, respectively, which is included in selling, general and administrative expenses in the accompanying statements of operations.

NOTE Q - FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to significant credit risk consist principally of cash and accounts receivable. Risks associated with cash are mitigated by banking with financial institutions that management believes to be of high credit quality. The Company performs ongoing credit evaluations of its customers and maintains an allowance for expected credit losses, as considered necessary. Historically, actual credit losses have been within management's expectations.

As of March 31, 2026, and March 31, 2025, the Company's five largest customers accounted for approximately 73% and 62%, respectively, of total accounts receivable. In addition, these customers represented approximately 74% and 62% of the Company's revenue for the years ended March 31, 2026, and March 31, 2025, respectively.

NOTE R - CONTINGENCIES

One of the Company's largest customers and certain of its affiliates (referred to as 'Debtors") filed for bankruptcy protection in April 2023. In November 2023, the Company received a demand letter from counsel of the Debtors concerning alleged certain receipts of amount as avoidable and are recoverable as preferential payments under section 547(b) of the United States Bankruptcy Code. On February 13, 2025, the plan administrator for the Debtors filed a complaint against the Company seeking avoidance and recovery of such transfers. The Company filed its response to the complaint on May 20, 2025. While the Court granted the plaintiff's motion, it permitted the Company to assert its counterclaims through its answer and other available legal remedies. Mediation on the matter began on September 29, 2025, and is ongoing as of March 31, 2026. The Company intends to defend the matter and, accordingly, no adjustments have been recorded in respect of the same.

The Company is involved in certain litigations as defendant's incidental to the conduct of its business. However, the Company is not a party to any lawsuit or proceeding which, in the opinion of the Company's management, is likely to have a materially adverse effect on the Company's financial position.

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NOTE S - RELATED PARTY TRANSACTIONS

Name of related party and nature of relationship:

Name of the party	Nature of relationship
Indo Count Industries Limited	Parent Company

The balance of related party payable and transactions during the years are as follows:

	Transactions for the year ended	
	March 31, 2026	March 31, 2025
Purchases of goods	21,154,541	50,250,055
Loan availed during the year	-	10,250,000
Equity infusion	-	4,923,425
Interest on loans taken	964,700	999,312
Commission charges on the guarantee*	364,629	201,688
Debit note for processing fee related to the loan from the bank	-	45,484
Expenses paid by ICG on behalf of ICIL	291,356	-
Expenses paid by ICIL on behalf of ICG	406,118	-
Shared service cost from Parent Company	344,028	-

	Balances as at	
	March 31, 2026	March 31, 2025
Accounts payable	27,678,919	27,429,220
Loan payable	14,750,000	14,750,000
Interest accrued on loan	-	999,312
Subordinated debt	2,000,000	2,000,000

Related-party balances are unsecured, non-interest-bearing (unless stated), and transactions were conducted at amounts the Company believes approximate arm's-length terms based on the nature of the services provided.

*The Parent Company has given corporate guarantees with respect to the factoring arrangement and the term loans. For more details, refer notes J and M.

NOTE T - REVENUE FROM CUSTOMER CONTRACTS

The following table presents revenue disaggregated by source of revenue:

	Year ended	
	March 31, 2026	March 31, 2025
Sale of products*	137,733,065	92,419,540
Total	**137,733,065**	**92,419,540**

*Entire goods are sold in the United States of America.

The following table presents revenue disaggregated by timing of recognition:

	Year ended	
	March 31, 2026	March 31, 2025
Sale of products at a point in time	137,733,065	92,419,540
Total	**137,733,065**	**92,419,540**

Contract balances

The timing of revenue recognition, invoicing, and cash collections results in billed receivables, contract assets, and contract liabilities on the balance sheets. Contract assets represent sales recognized in excess of billings related to work completed but not yet billed for which revenue is recognized over time. Contract assets are recorded as unbilled receivables. Contract liabilities are customer deposits for which revenue has not been recognized. Customer deposits are recorded as other current liabilities. When consideration is received from a customer prior to transferring goods to the customer under the terms of a contract, a contract liability is recorded as deferred revenue. Contract liabilities are recognized as revenue after control of the goods are transferred to the customer and all revenue recognition criteria have been met. As at March 31, 2026, and March 31, 2025, the Company does not have any unbilled or deferred revenue.

NOTE U - STOCKHOLDER'S EQUITY

The authorized common stock of the Company is 10,000 (March 31, 2025: 10,000 common shares) common shares of no par value each. The Company has issued 1,350 common shares (March 31, 2025: 1,350 common shares) of $Nil each. Each share carries an equal voting right and is entitled to an equal share in the assets of the Company at liquidation.

NOTE V - FAIR VALUE MEASUREMENT

The fair value of the Company's current assets and current liabilities approximates their carrying values because of their short-term maturity. Such financial instruments are classified as current and are expected to be liquidated within the next twelve months. As of March 31, 2026, and March 31, 2025 (restated), the fair value of the Company's financial instruments, including cash, accounts receivable, due from factor, accounts payable, accrued liabilities, and other current assets and liabilities, approximate their carrying values because of the short-term nature of these instruments

NOTE W - LEASES

General description of the lease: The Company has office spaces and factory buildings under operating leases with non-cancellable terms.

Non-lease components: Leases that contain non-lease components are accounted for as a single component and recorded on the consolidated balance sheets for certain asset classes, including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

The Company used the following policies and/or assumptions in evaluating the lease population:

Lease determination: The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Discount rate: When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

Variable payments: The Company includes payments based on an index or rate within the calculation of right-of-use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments in the nature of origination fees for office equipment, machinery, and equipment, and therefore are not treated as a part of lease payments.

Purchase options: Certain leases include options to purchase the office equipment. The depreciable life of assets are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

Residual value guarantees, restrictions, or covenants: The lease agreements do not contain any material residual value guarantees or restrictive covenants.

Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to selling, general and administrative expenses on the consolidated statements of operations.

The table below presents the classification of the leasing assets and liabilities.

Particulars	Financial statements classification	As at March 31, 2026	As at March 31, 2025
Assets			
Right-of-use assets – operating lease	Non-current asset	20,961,887	19,526,038
Liabilities			
Operating lease liability	Non-current liabilities	19,163,030	18,740,582
	Current liabilities	3,526,015	1,464,530
		22,689,045	**20,205,112**

Supplemental cash flow information related to leases for the years ended March 31, 2026, and March 31, 2025, was as follows:

The components of total lease cost are as follows:

	For the year ended March 31, 2026	For the year ended March 31, 2025
Right-of-use assets amortization	2,083,098	288,152
Interest expenses	1,239,377	1,034,527
Total	**3,322,475**	**1,322,679**

The Company has office spaces and factory buildings under operating leases which have non-cancellable terms through March 2035. Generally, the leases have optional renewal clauses to extend the terms of the various leases for periods ranging from 5 to 10 years, at the discretion of the Company. Future minimum payments under non-cancellable operating leases are as follows:

Year ended March 31	Amount
2027	3,783,557
2028	3,619,994
2029	3,734,409
2030	3,629,857
2031 and thereafter	10,431,405
Total minimum lease payments	**25,199,222**
Less: imputed interest	(2,510,177)
Operating lease liabilities	**22,689,045**

	For the year ended	
	March 31, 2026	March 31, 2025
Weighted average remaining lease terms (years) – operating leases	7.63 years	8 years
Weighted average – discount rate (%)	6.67%	6.55%

NOTE X - RESTATEMENT TO PRIOR YEAR FINANCIAL STATEMENTS

As discussed in Note C, the Company has finalized the purchase price allocation for acquisitions of Fluvitex and MHT during the current year. In accordance with ASC 805, the finalization of the purchase price allocation resulted in retrospective adjustments to the previously reported amounts. A summary of resulting restatements is presented below:

Consolidated balance sheet (extract):

Particulars	As at March 31, 2025	
	Reported	Restated
Inventories	33,249,725	32,715,704
Prepaid income tax	774,286	290,854
Property and equipment, net	13,847,770	13,844,323
Goodwill and other intangible assets, net	30,513,255	31,104,766
Deferred tax liabilities	1,565,553	693,327
Other Liabilities	4,087,141	4,056,224
Retained earnings	6,213,051	6,686,805

Consolidated statement of operations (extract):

Particulars	For the year ended March 31, 2025	
	Reported	Restated
Cost of revenue	64,784,000	64,377,740
Depreciation and amortization expense	2,494,810	2,418,584
Income before income taxes	106,274	588,760
Deferred tax benefit	(62,334)	(53,602)
Net income	7,565	481,319

NOTE Y - RISK AND UNCERTAINTIES

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

The Company's operations are subject to complex trade, customs, and tax laws, regulations, and requirements. The United States of America has imposed additional tariffs on goods from many countries, including India and China. The Company purchases certain goods from its Parent Company in India, Indo Count Industries Limited and other vendors across India and China. The current political landscape, including the United States' foreign policy priorities and relations with trading partners, has introduced greater uncertainty regarding future tax and trade policy. While the Company cannot currently determine the specific impact these changes may have on its sales into the United States of America or other countries, the effect could be material.

NOTE Z - SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated balance sheet through July 15, 2026, the date the financial statements were available to be issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.