StudioC Inc.

Financial Statements

March 31, 2025, and March 31, 2024

KNAV CPA LLP

Certified Public Accountants

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CPA

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Independent Auditor’s Report

To the Board of Directors and Stockholder,
StudioC Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of StudioC Inc. (‘the Company’) which comprise the balance sheets as of March 31, 2025, and March 31, 2024, and the related statements of loss and stockholder’s deficit for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and March 31, 2024, and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these 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 for a period of twelve months from the date the financial statements are 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 auditor's 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 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 audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

KNAV CPA LLP

Atlanta, Georgia
May 15, 2025

Financial Statements

Balance sheets

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

	As at March 31, 2025	As at March 31, 2024
ASSETS		
Current assets		
Cash	135,339	98,339
Inventories	-	1,757,810
Financial assets	-	269,975
Prepaid expenses and other current assets	37,859	189,673
Due from related party	1,334,675	-
Total current assets	**1,507,873**	**2,315,797**
Property and equipment, net	-	15,780
Right of use asset, net	-	83,395
Intangibles, net	-	178,823
Intangibles under development	-	105,836
Other non-current assets	-	15,000
Total assets	**1,507,873**	**2,714,631**
LIABILITIES AND STOCKHOLDER'S DEFICIT		
Current liabilities		
Lease liabilities, current portion	-	58,213
Accounts payable	12,645	24,266
Due to related party	1,113,862	1,794,350
Deferred revenue	35,090	230,391
Other current liabilities	109,174	779,772
Total current liabilities	**1,270,771**	**2,886,992**
Loan from related party	5,830,000	5,830,000
Lease liabilities, net of current portion	-	31,066
Total liabilities	**5,830,000**	**8,748,058**
Stockholder's deficit		
Common stock, 1,000 shares authorized with no par value, 150 shares issued and 850 shares outstanding.	-	-
Accumulated deficit	(6,985,259)	(6,183,427)
Additional paid in Capital	1,392,361	150,000
Total stockholder's deficit	**(5,592,898)**	**(6,033,427)**
Total liabilities and stockholder’s deficit	**1,507,873**	**2,714,631**

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

Statements of loss

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

	For the year ended March 31, 2025	For the year ended March 31, 2024
<u>**Discontinued operations**</u>		
Loss from discontinued operations, before tax (Refer Note N)	**(790,222)**	**(2,628,562)**
Provision for income taxes	11,610	3,415
Loss from discontinued operations, after tax	**(801,832)**	**(2,631,977)**

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

Statement of stockholder's deficit

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

	Common stock						
	Authorized		Issued and outstanding				
	Shares	Value	Shares	Value	Accumulated deficit	Additional paid-in capital	Total stockholder's deficit
Balance as of April 1, 2023	**1,000**	**-**	**150**	**-**	**(3,551,450)**	**150,000**	**(3,401,450)**
Net loss from discontinued operations	-	-	-	-	(2,631,977)	-	(2,631,977)
Balance as of March 31, 2024	**1,000**	**-**	**150**	**-**	**(6,183,427)**	**150,000**	**(6,033,427)**
Balance as of April 1, 2024	**1,000**	**-**	**150**	**-**	**(6,183,427)**	**150,000**	**(6,033,427)**
Net loss from discontinued operations	-	-	-	-	(801,832)	-	(801,832)
Gain on transfer of assets to an entity under common control	-	-	-	-	-	1,242,361	1,242,361
Balance as of March 31, 2025	**1,000**	**-**	**150**	**-**	**(6,985,259)**	**1,392,361**	**(5,592,898)**

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

Notes to Financial Statements

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

NOTE A - ORGANIZATION AND NATURE OF OPERATIONS

StudioC Inc. (the "Company") is a corporation incorporated in the State of Delaware, USA. The Company was incorporated on 11th February 2021 and commenced commercial operations from November 2021. The Company's principal place of business is in New York. The Company is involved in trading jewelry online under the brand name of 'Carat Lane.' The Company is a wholly owned subsidiary of Carat Lane Trading Private Limited (the "Parent Company"), a company based in India.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. *Basis of preparation*

   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 and results of operations of the Company. The financial statements are presented on a comparative basis for the fiscal years ended March 31, 2025, and March 31, 2024.

   Certain reclassifications, regroupings and reworking have been made in the financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or statement of stockholder's equity.

2. *Going concern and management's plans*

   The Company has prepared its financial statements on the assumption that it will continue as a going concern.

   For the year ended March 31, 2025, the Company incurred a net loss from discontinued operations of $801,832 and has accumulated losses of $6,985,259 as of that date. Despite these continuing losses, the Company has shown improvements in its working capital position and generated positive operating cash flows, indicating a more favorable liquidity outlook. The Company has discontinued its operations through the transfer of its business on a going concern basis (Refer note N).

   The Company has also received an unconditional financial support letter dated April 23, 2025, from its Parent Company, confirming that it will provide the necessary financial support for a period of not less than 12 months from the date of issuance of these financial statements. Based on this support, management believes it is appropriate to prepare the financial statements on a going concern basis.

3. *Use of estimates*

   The preparation of financial statements in conformity with US GAAP 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 results of operations during the reporting period. The Company's most significant estimates relate to the useful life of equipment, valuation of identified intangibles, allowance for inventory, revenue recognition, warranties, and provision for taxes. 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 circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

4. *Cash*

Cash comprises cash on hand, balances with banks. The Company considers all highly liquid investments with an original maturity at the date of purchase of three months or less and that are readily convertible to known amounts to be cash. Cash balances on deposits with US banks are insured by the Federal Deposit Insurance Corporation up to $ 250,000. The Company believes it is not exposed to any significant risk on cash.

5. *Inventories*

The Company's inventories comprising of fine jewelry are recorded at the lower of cost and net realizable value, using the specific identification method. Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Company), freight inwards and other expenditure directly attributable to acquisition. Net realizable value represents the estimated selling price for inventories less estimated cost of completion and costs necessary to make the sale. Inventories are reviewed on a periodic basis for identification and write-off of slow moving, obsolete, and impaired inventory. Such write-downs, if any, are included in the cost of revenues.

6. *Property and equipment, net*

Property and equipment are stated at cost less accumulated depreciation. Cost of items of property and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. Cost of maintenance and repairs are charged to expenses when incurred. Depreciation expense is calculated on a straight-line basis over the estimated useful lives of the related assets.

The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts and the related gain or loss is reported in the statement of loss. Estimated useful lives by major asset category are as follows:

Nature of assets	Estimated useful life of assets
Furniture and fittings	4-10 years
Computer equipment	3 years
Office equipment	5 years
Jewelry machine	15 years

Capital work-in-progress comprises the cost of assets that are not ready for their intended use at the balance sheet date. Deposits paid towards the acquisition of property and equipment outstanding as of each balance sheet date and the cost of property and equipment not ready for use before such date are disclosed under capital work-in-progress.

7. *Intangibles*

Intangible assets which comprise of computer software and website are stated at cost less accumulated amortization. The Company capitalizes costs to develop its websites and internal-use software and amortizes such costs on a straight-line basis over the estimated useful life of the software once it is available for use. Costs related to the design and maintenance of internal-use software and website development are expensed as incurred.

Nature of assets	Estimated useful life of assets
Software	3 years
Website	3 years

8. *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.

9. *Revenue recognition*

Revenue is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Please refer to Note K, "Revenue from Contracts with Customers" for further information.

The core principle of 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.

The Company is involved in online sale of jewelry through prepaid orders on the Company's website. Revenue is measured based on the transaction price which is determined based on the price available on the website after applying strikethrough, coupon, and exceptional discounts, if any, and other similar charges, as specified in the contract with the customer. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities.

The Company generally offers a return policy of 30 days and provides an allowance for sales returns during the period in which the sales are made. Revenue and cost of revenue reported in the statement of loss are reduced to reflect estimated returns.

Contract balances
Contract assets are recognized when there is an excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue ("contract liability") is recognized when there are billings in excess of revenues. Advances received for the sale of products are reported as liabilities until all conditions for revenue recognition are met.

10. *Product warranty*

The Company provides a one-year warranty on the sale of products. These amounts are recorded as a liability on the balance sheet until they are ultimately paid. Accrued warranty liability was $Nil as of March 31, 2025, and $6,143 as of March 31, 2024.

11. *Cost of revenue*

Cost of revenue includes costs of purchase, inbound and outbound shipping costs and other expenditure associated with distribution. Shipping and handling charges incurred by the Company represent fulfillment activities and are included in the cost of revenue.

12. *Operating leases*

The Company leases certain facilities. Lease rent expenses on operating leases are recognized as an expense on a straight-line basis over the lease term in the statement of loss.

Accounting Standard Update ("ASU") 2016-02, Leases
The Company adopted Accounting Standards Codification 842 effective April 1, 2022, and all the related amendments ("new lease standard") using the modified retrospective method. The comparative information has not been restated and continues to be reported under the lease accounting standard in effect of those periods. The new lease standard requires all leases to be reported on the balance sheet as operating lease right-of-use assets and lease obligations. The Company elected the practical expedients permitted under the transition guidance of the new lease standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the new lease standard.

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 sheets. Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the lease agreement.

13. *Income taxes*

The Company recognizes deferred tax assets and liabilities based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. The Company's temporary differences giving rise to deferred taxes result primarily from net loss carryforwards, employee related benefits and depreciation and amortization. Deferred tax assets and liabilities are measured using the enacted tax rates in effect for the year in which the temporary differences are expected to be recovered or settled. Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

14. *Fair value measurements and financial instruments*

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the 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, accounts receivable, accounts payable, loan from related parties, related party balances and other accrued liabilities. The estimated fair value of these financial instruments approximates their carrying amounts due to the nature of these instruments. None of these instruments are held for trading purposes.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different level of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

15. *Commitments 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 are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTE C - CASH

Cash comprise of the following:

	As at March 31, 2025	As at March 31, 2024
Balances with banks	129,575	97,641
Cash in hand	5,764	878
Total	**135,339**	**98,339**

NOTE D - INVENTORIES

Inventories is summarized as under:

	As at March 31, 2025	As at March 31, 2024
Stock in trade	-	1,829,808
Less: Provision for slow moving goods	-	(71,998)
Total		**1,757,810**

NOTE E - FINANCIAL ASSETS

The financial assets comprise the following:

	As at March 31, 2025	As at March 31, 2024
Receivable from payment gateways	-	69,729
Other financial assets	-	200,246
Total	**-**	**269,975**

NOTE F - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets comprise the following:

	As at March 31, 2025	As at March 31, 2024
Prepaid expense	35,109	69,841
Advance to suppliers	-	55,554
Contract asset	-	64,278
Advance tax	2,750	-
Total	**37,859**	**189,673**

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment comprise of the following:

	As at March 31, 2025	As at March 31, 2024
Computer equipment	-	2,402
Furniture and fittings	-	9,706
Jewelry machines	-	3,944
Office equipment	-	9,932
	-	**25,984**
Less: Accumulated depreciation	-	(10,204)
Total	**-**	**15,780**

Depreciation expense amounted to $3,907 and $5,310 for the years ended March 31, 2025, and March 31, 2024, respectively, and is included in loss from discontinued operation in the statements of loss. During the year ended March 31, 2025, the Company sold property, plant, and equipment with a net book value of $8,006 to TCL North America Inc. The transaction was conducted at book value, and no gain or loss was recognized.

NOTE H - INTANGIBLES

Intangible assets comprise the following:

As of March 31, 2025:

	Life in years	Gross carrying amount	Accumulated amortization	Net carrying Amount
Internal use software	3	-	-	-
Website development cost	3	-	-	-
Total		**-**	**-**	**-**

As of March 31, 2024:

	Life in years	Gross carrying amount	Accumulated amortization	Net carrying Amount
Internal use software	3	166,678	115,614	51,064
Website development cost	3	236,234	108,475	127,759
Total		**402,912**	**224,089**	**178,823**

Amortization expense for the years ended March 31, 2025, and 2024, amounted to $136,679 and $133,453 respectively, and is included in loss from discontinued operation in the statements of loss.

NOTE I - OTHER CURRENT LIABILITIES

Other current liabilities comprise the following:

	As at March 31, 2025	As at March 31, 2024
Sales tax payable	-	73,413
Provisions for sales returns and warranty	-	95,230
Accrued expenses	109,174	434,541
Accrued interest	-	176,588
Total	**109,174**	**779,772**

NOTE J - INCOME TAXES

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

	Year ended March 31, 2025	Year ended March 31, 2024
Current taxes		
Federal	2,757	-
State	8,853	3,415
Total	**11,610**	**3,415**

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, 2025	As at March 31, 2024
Deferred tax assets:		
Property and equipment	-	107
Intangible assets	-	5,867
Lease assets & liabilities	-	1,423
Net operating losses (NOL's)	1,318,899	1,459,951
Provision for sales return and warranty	-	23,039
Provision on slow moving stocks	-	17,419
Accrued interest on loan	-	42,723
Startup cost – unamortized	-	3,775
Total deferred tax assets	**1,318,899**	**1,554,304**
Net deferred taxes	**1,318,899**	1,554,304
Less: deferred tax asset valuation allowance	**1,318,899**	1,554,304
Total	**-**	**-**

Realization of net deferred tax assets is dependent upon the 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.

Management believes that negative evidence outweighs the positive evidence and thus it is more likely than not that the benefit from deferred tax assets on net operating losses and other accruals will not be realized in foreseeable future. In cognizance of this, the Company has created a valuation allowance to the extent of deferred tax assets of $ 1,318,899 as of March 31, 2025 & $ 1,554,304 as of March 31, 2024.

The Company has federal net operating loss carry forwards of $ 5,706,464 as of March 31, 2025 & $ 5,758,981 as of March 31, 2024 and can be carried forwarded indefinitely and state net operating loss carry forwards of approximately $ 6,912,088 as of March 31, 2025 & $ 6,915,883 as of March, 2024 which if unutilized will expire based on the statutes of various states.

Accounting for uncertain tax position

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 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, 2025.

The tax years of 2021 through 2023 remain subject to examination by the taxing authorities
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NOTE K - REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company generates revenue from sale of retail jewellery in United States of America and mainly from North American region through online mode with one performance obligations which typically include, sale of jewellery to the customers. The revenue recognition is made at the point of time when the product is delivered to the customer. Revenue is recognized when performance obligations under the terms of a contract with a customer is satisfied.

a. Revenue from operations

The following table presents revenue disaggregated by source of revenue:

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Contract price	9,167,799	11,918,065
Adjustments for discount and sales returns	(2,740,085)	(4,177,365)
Other operating revenue	100,735	154,548
	6,528,449	**7,895,248**

The following table presents revenue disaggregated by timing of recognition:

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Performance obligations satisfied at a point in time	6,528,449	7,895,248
	6,528,449	**7,895,248**

b. Contract balances

The following table provides information about contract assets and liabilities as of March 31, 2025, and March 31, 2024, respectively.

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred revenue (Contract liabilities)	35,090	230,391

NOTE L - RELATED PARTY TRANSACTIONS

Name of related parties and nature of relationship:

a) CaratLane Trading Private Limited – Parent Company.
b) TCL North America Inc - Entity Under Common Control

Transactions during the year

	Year ended March 31, 2025	Year ended March 31, 2024
CaratLane Trading Private Limited		
Purchase of goods	3,720,359	5,037,091
Sale of goods	42,149	-
Loan availed	-	3,400,000
Interest on loan	213,767	344,545
Intercompany corporate expenses	187,662	430,026
TCL North America Inc		
Sales of tangible assets	8,006	-
Sales of inventory	2,045,558	-
Sales of intangible assets	632,533	-
Sales of customer base	818,927	-
Reimbursements	116,785	-

The Company has entered into an agreement (the "loan agreement") on November 15th, 2021, with Parent Company for an unsecured loan amount of up to $730,000 for meeting its working capital and capital expenditure requirements of which $300,000 were borrowed in financial year 2021-22. An addendum deed to the loan agreement was executed on December 15th, 2021, wherein the parties mutually agreed that the Company will repay the loan not earlier than two years from the date of disbursement of loan.

Initially in July 2022 the addendum to the loan agreement was made wherein the limit of loan that can be availed was increased to $1,430,000 @6% interest of which the loan worth $1,130,000 was borrowed during the period July 2022 to September 2022 thereby, utilizing the entire amount of the available limit worth $1,430,000.

Again, in November 2022, further an addendum to the loan agreement was made wherein the limit of loan that can be borrowed was increased to $2,000,000 @8% interest of which the amount worth $ 1,000,000 was borrowed in December 2022. To summarize, the Company took a loan totaling to $2,130,000 from the parent company and the interest rate was increased to 8%, thereby making a total borrowing as at March 31, 2023, at $2,430,000 ($300,000 borrowed in FY 21-22 and $2,130,000 borrowed in FY 22-23) from the parent company.

During the year ended March 31, 2024, the Company further borrowed $1,000,000 between the period April - June 2023 out of the available limit of $2,000,000 availed through the addendum made in November 2022, and as of August

14, 2023, entered into a new agreement with CaratLane Trading Private Limited for an unsecured loan amount up to $2,400,000 wherein the parties mutually agreed that the Company will repay the loan not earlier than three years from the date of disbursement of loan.

The Company borrowed a sum of $1,000,000 during the period July – September 2023 and $1,400,000 during the period October – December 2023. To summarize, the Company took a loan for $3,400,000 from the parent company at the interest rate of 8%, thereby making a total borrowing as at March 31, 2024, at $5,830,000 ($300,000 borrowed in FY 21-22, $2,130,000 borrowed in FY 22-23 and $3,400,000 in FY 23-24) from the parent company. Post this the parent company via an addendum dated April 22, 2024, updated the term of the loan and the tranches of the loan as a borrowing which will be payable at the end of 5 years from the date of disbursement of each tranche of the loan. As the outstanding balance is for a period beyond 12 months, the same has been classified as long-term borrowing.

As of March 31, 2025, the Company has an outstanding unsecured loan of $5,830,000 from its parent company, CaratLane Trading Private Limited.

Pursuant to the loan agreement and subsequent amendments. Effective May 1, 2024, the interest rate applicable on the outstanding loan was revised downward to 6% per annum. Subsequently, effective November 1, 2024, the parent company ceased charging any interest on the outstanding loan balance.

The following balances are due to related party:

	As at March 31, 2025	As at March 31, 2024
CaratLane Trading Private Limited		
Due to related party	1,113,862	1,794,350
Loan from related party	5,830,000	5,830,000
Accrued interest (included under other current liabilities)	-	176,588
TCL North America Inc		
Due from related party	1,334,675	

NOTE M - ROU asset and lease liability

Operating lease

The Company has operating leases for its warehouse in New York City. Rental expense under the operating lease was $53,333 for the year ended March 31, 2025.

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: The lease contracts do not provide a readily determinable implicit rate. Hence, the Company uses the estimated incremental borrowing rate based on the existing borrowings of the entity.

Variable payments: The Company does not include payments that are 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.

Extension options: The leases do not include an option to extend the lease at the end of the term of 3 years.

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

Operating lease expense for the year ended March 31, 2025, amounts to $53,333. The Company records operating lease expense in the statements of loss within selling, general and administrative expense.

On adoption of topic ASC 842 "Leases", balance sheet information as of March 31, 2025, and March 31, 2024, related to operating leases are shown below:

Particulars	As at March 31, 2025	As at March 31, 2024
Assets		
Operating lease right-of-use assets	-	83,395
Total lease assets	**-**	**83,395**
Liabilities		
Current operating lease liabilities	-	58,213
Non-current operating lease liabilities	-	31,066
Total lease liabilities	**-**	**89,279**

Supplemental cash flow information related to operating was as follows:

Particulars	For year ended March 31,2025	For year ended March 31, 2024
Cash paid for amounts included in measurement of lease liabilities	46,509	60,750

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NOTE N - Discontinued operations

During the financial year ended March 31, 2025, the Board of Directors of Titan Company Limited, India (the ultimate holding company of StudioC Inc), resolved to restructure the USA operations of CaratLane. As part of this strategic decision, it was determined that all USA operations previously carried out through StudioC Inc. would henceforth be conducted by TCL North America Inc, a wholly owned subsidiary of Titan Company Limited.

Pursuant to the resolution, all inventory and intangible assets were transferred to TCL North America Inc., effective January 1, 2025. Additionally, the property and equipment held by StudioC Inc. were sold to TCL North America Inc. during the current year. Following these transfers, StudioC Inc. ceased all business operations.

The financial performance and cashflow information of discontinued operations are presented as follows:

Losses from Discontinued Operations *(All amounts are stated in United States Dollars, unless otherwise stated)*	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue from discontinued operations, net	6,528,449	7,895,248
Total revenue	**6,528,449**	**7,895,248**
Cost of revenue	**3,911,215**	5,243,824
Gross profit	**2,617,234**	**2,651,424**
Costs and expenses		
Selling, general and administrative expenses	3,219,732	4,945,147
Total costs and expenses	**3,219,732**	**4,945,147**
Operating loss from discontinued operations	**(602,498)**	**(2,293,723)**
Other income (expense):		
Interest expense	(213,767)	(344,545)
Other income	26,043	9,706
Loss before income tax	**(790,222)**	**(2,628,562)**
Provision for income taxes	11,610	3,415
Net loss	**(801,832)**	**(2,631,977)**
Net cash inflows (outflows) from operating activities (A)	267,500	(3,116,133)
Net cash generated from (used in) investing activities (B)	159,854	(161,831)
Net cash (used in) generated from financing activities (C)	(390,354)	3,163,937
Net increase (decrease) in cash generated from discontinued operations	**37,000**	**(114,027)**

NOTE O - RISK AND UNCERTAINTIES

The Company operates as a service provider to TCL North America Inc., and its financial performance is substantially dependent on the operations and business strategies of TCL North America Inc. Adverse developments in TCL North America Inc.'s operations, including changes in demand, business model shifts, or disruptions, could materially affect the Company's operations.

Additionally, macroeconomic factors such as inflation, economic downturns, and reduced consumer spending, along with evolving e-commerce regulations and fulfilment requirements, may further impact the Company's performance. Given this reliance, any significant change in the operations of TCL North America Inc. may have a material adverse effect on the Company's financial condition and future results.

NOTE P - COMMITMENT & CONTINGENCIES

The Company is a party to claims that arise in the normal course of business. The management of the Company believes that the ultimate outcome of these claims will not have a material effect on the financial statements.

NOTE Q - SUBSEQUENT EVENTS

The Company evaluated all events or transactions that occurred after March 31, 2025, up to the date the financial statements were available to be issued. Based on this evaluation, the Company is not aware of any events or transactions that should require recognition or disclosure in the financial statements.