

BLUE STAR NORTH AMERICA INC.

Financial Statement for the year ended March 31, 2024

Blue Star North America, Inc.
Financial Statements
March 31, 2024, and March 31, 2023.

KNAV CPA LLP

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



America Counts on CPAs

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Blue Star North America Inc.
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Independent Auditor's Report

To the Board of Directors and Shareholder's of
Blue Star North America Inc.

Opinion

We have audited the accompanying financial statements of Blue Star North America Inc ('the Company'), which comprise the balance sheets as of March 31, 2024, and March 31, 2023 and the related statements of loss, shareholder's equity, and cash flow statement for the year ended March 31, 2024 and period September 22, 2022 to March 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Company as of March 31, 2024, and March 31, 2023, and the related statements of loss, shareholder's equity, and cash flow statement for the year ended March 31, 2024 and period September 22, 2022 to March 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis of opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 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 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 audits 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 generally accepted auditing standards 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, including omissions, 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.

KNAV CPA LLP.
Certified Public Accountants
One Lakeside Commons Suite 850, 990 Hammond Drive, Atlanta, GA 30328 T: +1 678 584 1200 F: + 1 770 676 6082 E: admin@knavcpa.com
2024-76-US

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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 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 audits.

Report on supplemental information.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information contained in supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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KNAV CPA LLP

Atlanta, Georgia
April 16, 2024

Blue Star North America Inc.
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Financial Statements

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Blue Star North America Inc.
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Balance sheets

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

	As at March 31, 2024	As at March 31, 2023
ASSETS		
Current assets		
Cash & cash equivalents	166,477	637,660
Accounts receivable	2,246,344	-
Other current assets	-	14,733
Due from related party	372,858	
Total current assets	2,785,679	652,393
Non-current assets		
Deferred tax asset	334,976	-
Total assets	3,120,655	652,393
LIABILITIES & SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable	49,502	8,125
Due to related party	2,147,175	-
Accrued expenses and other liabilities	458,605	13,977
Total current liabilities	2,655,282	22,102
Total liabilities	2,655,282	22,102
SHAREHOLDER'S EQUITY		
Common stock (\$ 100 par value, authorized 20,000 shares, issued and outstanding 15,000 shares as at March 31, 2024, and 10,000 shares as at March 31, 2023)	1,500,000	1,000,000
Accumulated deficit	(1,034,627)	(369,709)
Total shareholder's equity	465,373	630,291
Total shareholder's equity and liabilities	3,120,655	652,393

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

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Blue Star North America Inc.
 Financial Statements
 March 31, 2024, and March 31, 2023

Statements of loss

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

	For the year April 01, 2023, to March 31, 2024	For the period September 22, 2022, to March 31, 2023
Revenue from operations, net	2,348,296	-
Total revenue	2,348,296	-
Cost of revenue	2,031,283	-
Gross profit	317,013	-
Costs and expenses		
Selling, general and administrative expenses	1,316,907	369,709
Total operating cost and expenses	1,316,907	369,709
Net loss before income tax	(999,894)	(369,709)
Income taxes	-	-
Deferred tax benefit	334,976	-
Net loss	(664,918)	(369,709)

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

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Blue Star North America Inc.
 Financial Statements
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Statements of shareholder's equity

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

Particulars	Number of common Stock issued	Shareholder's equity	Accumulated deficit	Total shareholder's equity
Balance as of September 22, 2022		-	-	-
Common stock issued	10,000	1,000,000	-	1,000,000
Net loss for the period	-	-	(369,709)	(369,709)
Balance as of March 31, 2023	10,000	1,000,000	(369,709)	630,291
Balance as of April 1, 2023	10,000	1,000,000	(369,709)	630,291
Common stock issued	5,000	500,000	-	500,000
Net loss for the period	-	-	(664,918)	(664,918)
Balance as of March 31, 2024	15,000	1,500,000	(1,034,627)	465,373

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

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Blue Star North America Inc.
 Financial Statements
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Statements of cash flows

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

	For the year April 01, 2023, to March 31, 2024	For the period September 22, 2022, to March 31, 2023
Cash flow from operating activities		
Net loss	(664,918)	(369,709)
<i>Adjustments to reconcile net loss to cash used in operating activities.</i>		
Deferred tax benefit	(334,976)	-
Working capital changes		
Increase in accounts receivable	(2,246,344)	-
Decrease in other current assets	14,731	-
Increase in accounts payable	41,377	-
Increase in accrued expense and other liabilities	444,630	7,369
Due from related party	(372,858)	-
Due to related party	2,147,175	-
Net cash used in operating activities	(971,183)	(362,340)
Cash flow from financing activities		
Issuance of common stock	500,000	1,000,000
Net cash generated from financing activities	500,000	1,000,000
Net effect on cash & cash equivalents	(471,183)	637,660
Cash & cash equivalents at the beginning of the period	637,660	-
Cash & cash equivalents at the end of the period	166,477	637,660

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

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Notes to Financial Statements

NOTE A - NATURE OF OPERATIONS

Blue Star North America Inc (“the Company”), a company incorporated under the Delaware General Corporation Law, was formed on September 22, 2022, as a wholly owned subsidiary of Blue Star Limited, listed in India engaged into manufacturing of heating, ventilation, air conditioning and commercial refrigeration (HVAC&R). The Company fulfills the heating, cooling, and ventilation requirements for corporate, commercial and process applications, as well as the comfort needs of residential customers in the US markets.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Financial statements*

a) 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, results of operations and cash flows of the Company. The financial statements are presented for the fiscal year ended March 31, 2024, and for the period from September 22, 2022 (date of incorporation) to March 31, 2023.

b) Use of estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Management bases the estimates on a number of factors, including historical experience, current events, and actions that the Company may undertake in the future and other assumptions that the Company believes are reasonable under the circumstances.

2. *Cash and cash equivalents.*

Cash and cash equivalents, including cash on account, demand deposits and short-term investments with original maturities of three months or less, are recorded at cost, which approximates market value.

Cash balances on deposits with banks in the United States of America are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of \$250,000. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

3. *Revenue recognition*

The Company has adopted Financial Accounting Standard Board (FASB) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with customers (Topic 606). Revenue is recognized upon transfer of control of products or services promised to customers in an amount that reflects the consideration the company expects to receive in exchange for these products or services.

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The core principle of 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 consolidation to which the entity expects to be entitled in exchange for those goods or services.

Revenue from the sale of goods is recognized at the point in time when control is transferred to the customer. Indicators that control has been transferred include, the establishment of the company's present right to receive payment for the goods sold, transfer of legal title to the customer, transfer of physical possession to the customer, transfer of significant risks and rewards of ownership in the goods to the customer, and the acceptance of the goods by the customer.

4. *Income taxes*

The Company accounts for deferred taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income in the period of change. Based on management's judgment, the measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits for which it is more likely than not that some portion or all of such benefits may not be realized.

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

5. *Recently adopted accounting pronouncement*

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires measurement and recognition of expected credit losses for financial assets measured at amortized cost as well as certain off-balance sheet commitments (loan commitments, standby letters of credit, financial guarantees, and other similar instruments). The Company adopted ASU 2016-13 on April 1, 2023, using a modified retrospective approach. Results for reporting periods beginning April 1, 2023, are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable US GAAP. The adoption of this standard had no impact on the Company's financial statements.

6. *Liquidity*

The Company believes that cash flow from operations and borrowings from shareholders will be sufficient to meet the Company's current anticipated cash needs for at least the next twelve months, including working capital needs and various contractual obligations. However, there is no assurance that cash balances and borrowings from shareholder will be sufficient, and it is possible that the Company may require additional cash resources. If these current cash resources are insufficient to satisfy the Company's cash requirements, the Company may obtain additional equity financing from shareholder.

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7. *Revisions in previous year financial statements disclosure*

During the previous financial year (ended March 31, 2023) the Company did not disclose details of deferred tax asset (DTA) and valuation allowance (VA) created on that DTA. The impact of DTA and VA disclosure was \$NIL. The revision applies to DTA and VA both, with compensating impact of \$90,168 to the previously reported amounts of tax disclosure in the financial statements for the year ended March 31, 2023, which has been updated in current year's tax disclosure in comparatives for March 2023.

We assessed the materiality of the above disclosure and concluded it was not material to the Company's previously issued financial statements as at and for the period ended March 31, 2023, and that amendments of previously issued financial statements were therefore not required.

NOTE C - REVENUE FROM OPERATIONS

The Company generates revenue from sale of (HVAC&R) equipment's in United States of America from a single customer and mainly from North American region through physical mode with one performance obligation which typically include, physical sale to the customer. 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.

Particulars	For the year ended March 31, 2024	For the period September 22, 2022, to March 31, 2023
Sale of products	2,348,296	-
Total revenue	2,348,296	-

NOTE D - ACCOUNTS RECEIVABLE, NET

Accounts receivable at March 31, 2024, represent dues from a single customer worth \$2,246,344, (previous year end: NIL), representing amounts receivable on sale of products.

Particulars	For the year ended March 31, 2024	For the period September 22, 2022, to March 31, 2023
Accounts receivable	2,246,344	-
Less: Allowance for doubtful accounts	-	-
Total	2,246,344	-

NOTE E - SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses comprise the following:

	For the year ended March 31, 2024	For the period September 22, 2022, to March 31, 2023
Payroll expenses	860,324	173,830

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Travelling & conveyance expenses	245,760	119,345
Professional fees	53,290	74,612
Shared services expense recovery from BSL	150,914	-
Other expenses	6,621	1,922
Total	1,316,909	369,709

NOTE F - INCOME TAXES

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

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

	For the year ended March 31, 2024	For the period September 22, 2022, to March 31, 2023
Current taxes		
State	-	-
Federal	-	-
Total provision income taxes	-	-
	For the year ended March 31, 2024	For the period September 22, 2022, to March 31, 2023
Deferred Taxes		
State	15,215	-
Federal	319,746	-
Total provision income taxes	334,961	-

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, 2024	For the period September 22, 2022, to March 31, 2023
Non-current deferred tax assets		
Accrued expenses	107,032	-
Net operating losses ("NOL's")	227,929	90,168
Total deferred tax assets	334,961	90,168
Net deferred taxes	-	90,168
Less: valuation allowance	-	(90,168)
Total	334,961	-

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

The management believes that it is more likely than not that the deferred tax assets may be realized during foreseeable future and accordingly, the valuation allowance recorded as of March 2023 of \$ 90,168 is released entirely and the total deferred tax asset has been recognized of \$334,961 as at March 31, 2024.

The Company has accumulated federal NOLs of \$ \$1,299,239 and \$368,263, as at March 31, 2024, and March 31, 2023, respectively. The NOLs of \$ \$1,299,239 generated after 2017 onwards will be carried forward indefinitely.

The Company has accumulated state net operating loss carryforwards of approximately \$ 1,041,581 and \$295,247 as of March 31, 2024, and March 31, 2023, respectively, which if unutilized will expire based on the various state statutes.

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 at March 31, 2024 and March 31, 2023.

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

NOTE G - RELATED PARTY TRANSACTIONS

A. List of related parties during the year:

Name of related party

- Blue Star Limited (BSL) – Parent company
- Blue Star Europe B.V. – Subsidiary of the parent company

B. Summary of the transactions with related parties is as follows:

	For the year ended March 31, 2024	For the period September 22, 2022, to March 31, 2023
Blue Star Limited (BSL)		
Issuance of common stock	500,000	1,000,000
Cost of goods purchased	1,996,061	-
Central Management expense recovery from BSL	150,914	-
Others	200	-

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Blue Star Europe B.V.		
Apportionment of Directors's wages	372,858	-

C. Balances with related parties is as follows:

Payable to Blue Star Limited	2,147,175	-
Receivable from Blue Star Europe B.V.	372,858	-

NOTE H - Common Stock

Common stock issued.

The authorized share capital of the Company is \$20,000 (previous year: 20,000) comprising of 2,000,000 (previous year: 2,000,000) shares of \$100 (previous year: \$100) each and the issued capital is \$1,500,000 (previous year: \$1,000,000) comprising of 15,000 (previous year: 10,000) shares of \$100 (previous year: \$100) each.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him/her in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining available assets of the company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE I - RISKS AND UNCERTAINTIES

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

NOTE J - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2024, up to 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 should require recognition or disclosure in the financial statements.

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Supplementary Information



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Information as prescribed in SEBI regulation 33

Sr. No.	PARTICULARS	QUARTER ENDED (UNAUDITED)	PERIOD ENDED (UNAUDITED)	QUARTER ENDED (UNAUDITED)	YEAR ENDED (AUDITED)	YEAR ENDED (AUDITED)
		31.03.2024	31.12.2023	31.03.2023	31.03.2024	31.03.2023
1	Income					
	Revenue from operations	2,348,296	-		2,348,296	
	Other income					
	Total income	2,348,296	-	-	2,348,296	-
2	Expenses					
	a) Cost of materials consumed (including direct project and service cost)	2,031,283	-		2,031,283	
	b) Purchase of stock-in-trade					
	c) Changes in inventories of finished goods, stock-in-trade and work-in-progress					
	d) Employee benefits expense	277,645	582,679	173,830	860,324	173,830
	e) Finance cost					
	f) Depreciation and amortization expense					
	g) Other Expenses	120,131	336,452	195,879	456,583	195,879
	Total expenses	2,429,059	919,131	369,709	3,348,190	369,709
3	Profit before share of profit / (loss) of joint ventures, exceptional items and tax (1-2)	(80,762)	(919,131)	(369,709)	(999,893)	(369,709)
4	Share of profit/(loss) of joint ventures					
5	Profit before exceptional items and tax (3+4)	(80,762)	(919,131)	(369,709)	(999,893)	(369,709)
6	Exceptional items (refer note 6)	-	-		-	
7	Profit before tax (5+6)	(80,762)	(919,131)	(369,709)	(999,893)	(369,709)
8	Tax expense					
	i) Current tax					
	ii) Deferred tax	334,976			334,976	
	Total tax expense	334,976	-	-	334,976	-
9	Profit for the period / year, (7-8)	254,214	(919,131)	(369,709)	(664,918)	(369,709)

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	Other comprehensive income/(loss)					
	A. (i) Items that will not be reclassified to profit/(loss)					
	(ii) Income tax relating to items that will not be reclassified to profit/(loss)					
	B. (i) Items that will be reclassified to profit/(loss)					
	(ii) Income tax relating to items that will be reclassified to profit/(loss)					
10	Other comprehensive income/(loss)	-	-	-	-	-
11	Total comprehensive income for the period / year (9+10)	254,214	(919,131)	(369,709)	(664,918)	(369,709)

NTS/Net

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