

Zen Technologies USA, Inc.
Financial Statements for the year ended
March 31, 2023

Zen Technologies USA, Inc.

Balance Sheet

All amounts in US\$

Particulars	Note	As of March 31, 2023	As of March 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents	3	569,326	763,050
Other current assets	4	329	19,534
Total of Current assets		569,655	782,584
Non-current assets			
Property, plant and equipment, net	5	7,089	12,874
Other assets		41	-
Total of Non-current assets		7,130	12,874
TOTAL OF ASSETS		576,785	795,458
LIABILITIES			
Current liabilities			
Accounts payable		8,000	-
Other current liabilities	6	11,595	19,771
Total of current liabilities		19,595	19,771
TOTAL OF LIABILITIES		19,595	19,771
SHAREHOLDERS' EQUITY			
Common stock		1,980,001	1,980,001
Retained earnings		(1,422,811)	(1,204,314)
Total of Shareholders' equity		557,190	775,687
TOTAL OF LIABILITIES AND SHAREHOLDERS' EQUITY		576,785	795,458

The accompanying notes form an integral part of these financial statements

For Zen Technologies USA, Inc.



Mr. Satish Atluri
(Director)

Dt. May 04, 2023

Zen Technologies USA, Inc.

Statement of operations

Particulars	Note	<i>All amounts in US\$</i>	
		For the year ended March 31, 2023	For the year ended March 31, 2022
REVENUE			
Service Income		-	-
Other Income		-	-
		<hr/>	<hr/>
		-	-
OPERATING EXPENSES			
Cost of goods sold		-	-
Research and development costs		-	7,578
Sales and marketing expenses	7	189,448	52,339
Depreciation	5	5,785	7,667
Other administrative spends	8	23,470	12,472
		<hr/>	<hr/>
TOTAL OF OPERATING EXPENSES		218,703	80,056
		<hr/>	<hr/>
OPERATING LOSS		(218,703)	(80,056)
OTHER NON-OPERATING INCOME			
Interest income		64	81
Excess liabilities written back		142	-
		<hr/>	<hr/>
LOSS BEFORE TAXES		(218,497)	(79,975)
Current and deferred tax	9	-	-
		<hr/>	<hr/>
LOSS AFTER TAX		(218,497)	(79,975)
		<hr/>	<hr/>
EARNINGS PER SHARE			
	10		
Basic earnings per share		(0.11)	(0.04)
Diluted earnings per share		(0.11)	(0.04)

The accompanying notes form an integral part of these financial statements

For Zen Technologies USA, Inc.



Mr. Satish Atluri
(Director)

Dt. May 04, 2023

Zen Technologies USA, Inc.

Statement of changes in shareholders' equity

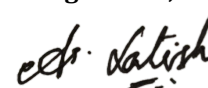
All amounts in US\$

Particulars	Common stock	Retained earnings	Total
Balance as of April 01, 2021	1,980,001	(1,124,339)	855,662
Capital contribution during the year	-	-	-
Shares allotted against application money	-	-	-
Loss incurred during the year	-	(79,975)	(79,975)
Balance as of March 31, 2022	1,980,001	(1,204,314)	775,687
Capital contribution during the year	-	-	-
Loss incurred during the year	-	(218,497)	(218,497)
Balance as of March 31, 2023	1,980,001	(1,422,811)	557,190

Shareholders' equity comprises of common stock and retained earnings. Common stocks are subordinate to all other class of stock. Each holder of shares of common stock shall be entitled to vote for each share thereof held. Total authorized capital of the Company as at end of the year March 31, 2023 includes 3,000,001 (previous year: 3,000,001) common stock of face value of US\$ 1.00 per common stock. The issued, subscribed and paid-up capital comprises of 1,980,001 (previous year: 1,980,001) common stock of face value of US\$ 1.00 per common stock issued to Zen Technologies Limited, India.

The accompanying notes form an integral part of these financial statements

For Zen Technologies USA, Inc.



Mr. Satish Atluri
(Director)

Dt. May 04, 2023

Zen Technologies USA, Inc.

Statement of cash flows

All amounts in US\$

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow from operating activities		
Profit/(Loss) before tax	(218,497)	(79,975)
<i>Adjustment for non-cash and other items</i>		
- Depreciation expense	5,785	7,667
- Excess liabilities written back	(142)	-
<i>Adjustment for changes in working capital</i>		
- (decrease) / increase in accounts payable	8,000	-
- (decrease) / increase in other liabilities and provisions	(8,176)	7,922
- decrease in other current assets	19,306	(19,534)
Net cash flow from operating activities	(193,724)	(83,919)
Cash flow from investing activities		
Purchase of property, plant and equipment	-	(7,975)
Net cash flow from investing activities	-	(7,975)
Cash flow from financing activities		
Share application money pending allotment	-	-
Issue of common stock	-	-
Net cash flow from financing activities	-	-
Net change in cash and cash equivalents	(193,724)	(91,895)
Cash and cash equivalents at the beginning of the year	763,050	854,945
Cash and cash equivalents at the end of the year	569,326	763,050

The accompanying notes form an integral part of these financial statements

For Zen Technologies USA, Inc.



Mr. Satish Atluri
(Director)

Dt. May 04, 2023

Zen Technologies USA, Inc.

Notes to financial statements

1. Nature of operations

Zen Technologies USA, Inc. (hereinafter referred to as "The Company") was incorporated on March 09, 2018, with registered office situated at 1000 N. West Street, Suite 1200, Wilmington, Delaware 19801, United States of America (USA). The Company aims to sell combat training products to defense and security customers worldwide.

2. Significant accounting policies

These financial statements as at and for the year ended March 31, 2023 have been prepared in accordance with the accounting principles generally accepted in Unites States (US GAAP).

a. Basis of preparation

These financial statements have been prepared for the Company as a going concern on the basis. The accounting policies have been consistently applied by the Company.

b. Use of estimates & judgments

The preparation of financial statements in conformity with US GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

c. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

d. Accounts payables

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is expected within one year or within the normal operating cycle of the business.

e. Debt instruments and other financial liabilities

The Company initially recognizes debt instruments issued on the date that they originate. All other financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. These are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Zen Technologies USA, Inc.

Notes to financial statements

2. Significant Accounting Policies (continued...)

f. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Compensated absences

The company's leave policy doesn't permit carryover of leaves to the subsequent periods. Therefore, no amounts for compensated absences have been accrued.

g. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

h. Income taxes

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognized where realization is reasonably certain.

i. Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Zen Technologies USA, Inc.

Notes to financial statements

3. Cash and cash equivalents

Cash and cash equivalents include:

Particulars	All amounts in US\$	
	As of March 31, 2023	As of March 31, 2022
Cash in hand	-	416
Bank balances	569,326	762,634
Total of cash and cash equivalents	569,326	763,050

The above bank balances are free of any restrictions.

4. Other current assets

Other current assets include:

Particulars	All amounts in US\$	
	As of March 31, 2023	As of March 31, 2022
Prepaid rent	329	300
Federal taxes recoverable	-	19,234
Total of other current assets	329	19,534

5. Property, plant and equipment, net

Particulars	All amounts in US\$		
	Computers	Plant and machinery	Total
Gross block			
As of April 01, 2022	28,729	12,246	40,975
Additions	-	-	-
As of March 31, 2023	28,729	12,246	40,975
Accumulated depreciation			
As of April 01, 2022	15,855	12,246	28,101
Charge for the period	5,785	-	5,785
As of March 31, 2023	21,640	12,246	33,886
Net block			
As of March 31, 2023	7,089	-	7,089
As of March 31, 2022	12,874	-	12,874

Zen Technologies USA, Inc.

Notes to financial statements

5. Property, plant and equipment, net (continued...)

All amounts in US\$

Particulars	Computers	Plant and machinery	Total
Gross block			
As of April 01, 2021	20,754	12,246	33,000
Additions	7,975	-	7,975
As of March 31, 2022	28,729	12,246	40,975
Accumulated depreciation			
As of April 01, 2021	10,070	10,364	20,434
Charge for the period	5,785	1,882	7,667
As of March 31, 2022	15,855	12,246	28,101
Net block			
As of March 31, 2022	12,874	-	12,874
As of March 31, 2021	10,684	1,882	12,566

6. Other current liabilities

Other current liabilities comprise of:

All amounts in US\$

Particulars	As of March 31, 2023	As of March 31, 2022
Employee payables	-	142
Audit fees Payable	2,500	2,930
Credit card Payable	368	7,972
Other payables	8,727	8,727
Total of other current liabilities	11,595	19,771

Other payables represent amounts credited to the bank in May 2020. The management is unaware of the source of this credit. There have been no claims against this receipt and has been disclosed as other payables under other current liabilities.

7. Sales and marketing expenses

Sales and marketing costs majorly includes costs incurred for trade shows at various place to showcase company's defense training system and products viz., live fire, live instrumented, virtual and constructive training systems for individual and collective training of security and defense forces.

All amounts in US\$

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Exhibition stall expenses	92,933	-
Marketing Strategist costs	96,000	48,000
Others	515	4,339
Total of sales and marketing expenses	189,448	52,339

Zen Technologies USA, Inc.

Notes to financial statements

8. Other administrative spends

All amounts in US\$

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Travel spends	3,928	3,104
Audit fees	2,500	3,900
Legal and professional charges	9,813	100
Rates & taxes	862	1,855
Rent – short term lease	3,782	2,507
Bank charges	243	656
Repairs and maintenance	1,045	-
Other expenses	1,297	350
Total of other administrative spends	23,470	12,472

9. Income taxes

The current tax expense for the year ended March 31, 2023 is Nil (previous year: Nil). Deferred tax has not been recorded in the financial statements for the year ended March 31, 2023 and 2022 due to uncertainty of future profitability.

10. Earnings per share

Particulars	For the year ended March 31, 2023	For the year ended March, 31 2021
Profit/(Loss) attributable to shareholders of the compa	(218,497)	(79,975)
Weighted average number of shares	1,980,001	1,980,001
Earnings per share – Basic	(0.11)	(0.04)
Earnings per share – Diluted	(0.11)	(0.04)

11. Related party disclosures

a) List of related parties:

Nature of related party relationship	Name of the related party
i) Holding Company	Zen Technologies Limited, India
ii) Key managerial personnel (KMPs)	Ashok Atluri (Director) Satish Atluri (Director)

b) Transactions with related parties

	For the year ended March 31, 2023	For the year ended March 31, 2022
Remuneration to KMPs	-	-

c) Balance outstanding at the end of the year

Particulars	As at March 31, 2023	As at March 31, 2022
Payable to KMPs	-	-

Zen Technologies USA, Inc.

Notes to financial statements

12. Fair value measurements of financial instruments

The carrying amounts of cash, receivables and payables in the financial statements approximate their fair values due to the short-term nature of these financial instruments. Short-term borrowing comprises of loan from holding company payable on demand. Because of its short-term nature, the carrying amount of the short-term debt also approximates fair value.

13. Contingencies

In the normal course of business, the Company is named in legal proceedings. There are currently no material legal proceedings pending with respect to the Company.

Loss contingency provisions are recorded if the potential loss from any claim, asserted or unasserted, or legal proceeding is considered probable and the amount can be reasonably estimated. If a potential loss is considered probable but only a range of loss can be determined, the low-end of the range is recorded. These accruals, if any, represent management's best estimate of probable loss. Disclosure also is provided when it is reasonably possible that a loss will be incurred or when it is reasonably possible that the amount of a loss will exceed the amount recorded. Significant judgment is required in both the determination of probability of loss and the determination as to whether an exposure is reasonably estimable. Because of uncertainties related to these matters, accruals are based only on the best information available at the time. As additional information becomes available, we reassess the potential liability related to claims and litigation and may revise our estimates.

The Company reevaluates its exposures on a periodic basis and adjusts reserves as appropriate.

14. Going concern assumption

The Company does not have an active revenue stream. It has been incurring marketing spends and has recently participated in the International Exhibition to showcase its products and services portfolio. It is trying its best to secure customer orders. It is investing in building its presence in the United States market with the hope of generating future revenue stream. The Company's Parent - Zen Technologies Limited, India is committed to provide funds as and when required to enable Zen Technologies USA, Inc. to continue as a going concern.

15. Subsequent events

In accordance with ASC 855 – Subsequent Events, the Organization evaluated subsequent events through the date these financial statements were made available for issuance.

The Company maintained its bank account with First Republic Bank (FRB). On May 01, 2023, First Republic Bank was closed by the California Department of Financial Protection and Innovation and the Federal Deposit Insurance Corporation (FDIC) was appointed as Receiver. FDIC announced that First Republic had been closed and sold to JPMorgan Chase. The bank's failure came as a result of several factors, including its investments losing value and its depositors withdrawing large amounts of money. The Federal Reserve took steps following the collapse of FRB to improve confidence in the banking system and prevent future banking failures, including its Bank Term Funding Program. Federal regulators promised to fully protect all depositors, even for those funds that weren't protected by the Federal Deposit Insurance Corporation (FDIC). On this basis, no provision has been made in the books of accounts for cash lying with FRB.

Zen Technologies USA, Inc.

Notes to financial statements

15. Subsequent events (continued...)

The Organization is not aware of any additional subsequent events that would require recognition or additional disclosure in these financial statements.

For Zen Technologies USA, Inc.



Mr. Satish Atluri
(Director)

Dt. May 04, 2023