

**Audited Financial Statements of**  
**Ducon Combustion Equipment Inc.**  
**Farmingdale, NY**

**For Years Ended**  
**March 31, 2023 and 2024**



## Salboro & Associates

Certified Public Accountants  
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### REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

To the Shareholders of  
Ducon Combustion Equipment Inc.  
Farmingdale, N.Y.

We have audited the accompanying balance sheets of Ducon Combustion Equipment Inc. (the "Company") as of March 31, 2023, and 2024, and the related statement of income for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standard in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion. In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and 2024, and the results of their operations for the periods then ended, in accordance with accounting principles generally accepted in the United States of America.

Farmingdale, N.Y.  
May 28<sup>th</sup>, 2024

Salboro & Associates

*Salboro & Associates*

Certified Public Accountants

**DUCON COMBUSTION INC. USA**  
**BALANCE SHEET AS AT March 31st, 2024**

| ASSETS                          | Note | 31st March 2024  | 31st March 2023  |
|---------------------------------|------|------------------|------------------|
|                                 |      | USD              | USD              |
| <i>Current Assets</i>           |      |                  |                  |
| Cash and Cash equivalents       | 1    | 4,215            | 4,215            |
| Accounts receivable             | 2    | 737,274          | 463,678          |
| <i>Total current assets</i>     |      | <b>741,489</b>   | <b>467,893</b>   |
| Property, plant and equipments  | 3    | 522,855          | 660,171          |
| <i>Total non current Assets</i> |      | <b>522,855</b>   | <b>660,171</b>   |
| <i>Total Assets</i>             |      | <b>1,264,344</b> | <b>1,128,064</b> |

**LIABILITIES AND STOCKHOLDER'S EQUITY**

|                                      |   |                |                |
|--------------------------------------|---|----------------|----------------|
| <i>Current liabilities</i>           |   |                |                |
| Accounts payable                     | 4 | 277,898        | 618,791        |
| Other liabilities                    | 5 | 180,056        | 14,238         |
| <i>Total current liabilities</i>     |   | <b>457,954</b> | <b>633,029</b> |
| <i>Total non current liabilities</i> |   |                |                |
| <i>Total liabilities</i>             |   | <b>457,954</b> | <b>633,029</b> |

**Stockholder's equity**

Common Stock - \$1.00 par value; shares authorised:  
1,000 shares of Common Stock par value

|                            |              |              |
|----------------------------|--------------|--------------|
| \$1.00 Per Share           | 1,000        | 1,000        |
| Additional paid-in capital | -            | -            |
|                            | <b>1,000</b> | <b>1,000</b> |

|                            |   |                |                |
|----------------------------|---|----------------|----------------|
| Retained Earnings          | 6 | 805,390        | 494,035        |
| Total Stockholder's equity |   | <b>806,390</b> | <b>495,035</b> |

|   |  |                  |                  |
|---|--|------------------|------------------|
| <b>Total liabilities and stockholder's equity</b> |  | <b>1,264,344</b> | <b>1,128,064</b> |
|---|--|------------------|------------------|

*The accompanying notes are an integral part of these financial statements*

For DUCON COMBUSTION INC. USA



Director

Director

*Salboro & Associates*

Certified Public Accountants

**DUCON COMBUSTION INC. USA**  
**STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2024**

|   | Notes  | For the period ended<br>31st March 2024<br>USD | For the year ended<br>31st March 2023<br>USD |
|---|--------|--|--|
| Net Sales   | 7      | 12,517,380                                     | 10,243,310                                   |
| Cost of sales   | 8      | 11,664,129                                     | 9,926,478                                    |
| <b>Gross Profit / (Loss)</b>  |        | <b>853,251</b>                                 | <b>316,832</b>                               |
| Operating Expenses, Selling, general and<br>Depreciation / Amortisation | 9<br>3 | 238,763<br>137,316                             | 138,543<br>137,316                           |
| <b>Operating Income / (Loss)</b>  |        | <b>477,172</b>                                 | <b>40,973</b>                                |
| Interest Expense  |        | -  | -  |
| <b>Net Operating Income/ (Loss)</b>                                     |        | <b>477,172</b>                                 | <b>40,973</b>                                |
| Loss on Sale of Brand   |        | -  | -  |
| Other Income /(Expense)   |        | -  | -  |
| <b>Income /(Loss) before provision of Income Taxes</b>                  |        | <b>477,172</b>                                 | <b>40,973</b>                                |
| Income Tax Expense /(Credit)  |        | 165,817  | 14,238                                       |
| <b>Net Income/(Loss)</b>  |        | <b>311,355</b>                                 | <b>26,735</b>                                |
| Basic /Diluted Earnings / (Loss) per common share                       |        | 311  | 27   |
| Face Value per Share  |        | 1.00   | 1.00   |
| Basic average number of shares outstanding                              |        | 1,000  | 1,000  |

*The accompanying notes are an integral part of these financial statements*

For **DUCON COMBUSTION INC. USA**



Director

Director

*Salboro & Associates*

Certified Public Accountants

**DUCON COMBUSTION INC. USA**  
Schedules to the financial statements

|  | As of<br>31st March 2024<br>USD | As of<br>31st March 2023<br>USD |
|--|---------------------------------|---------------------------------|
| <b>1 Cash and Cash equivalents</b>                     |                                 |                                 |
| Cash at Bank   | 4,215                           | 4,215                           |
| <b>Total</b>   | <b>4,215</b>                    | <b>4,215</b>                    |
| <b>2 Accounts receivable</b>                           |                                 |                                 |
| The age profile of accounts receivable is given below: |                                 |                                 |
| <b>Period (in days)</b>                                |                                 |                                 |
| 0 -90  | 737,274                         | 463,678                         |
| 90-180   |                                 | -                               |
| 180-365  |                                 | -                               |
| More than 365  |                                 | -                               |
| <b>Accounts receivable</b>                             | <b>737,274</b>                  | <b>463,678</b>                  |
| <b>3 Property, plant and equipment, net.</b>           |                                 |                                 |
| Equipments   | 876,713                         | 876,713                         |
| Furniture & Fixtures                                   | 58,090                          | 58,090                          |
|  | 934,803                         | 934,803                         |
| Depreciation   | 411,948                         | 274,632                         |
|  | 522,855                         | 660,171                         |
| Work In progress                                       |                                 | -                               |
| <b>Total</b>   | <b>522,855</b>                  | <b>660,171</b>                  |
| <b>4 Accounts payable</b>                              |                                 |                                 |
| Trade payable - domestic                               | 277,898                         | 618,791                         |
| Trade payable - imports                                |                                 |                                 |
| <b>Total</b>   | <b>277,898</b>                  | <b>618,791</b>                  |
| <b>5 Other Liabilities</b>                             |                                 |                                 |
| Other Liabilities                                      | 180,056                         | 14,238                          |
| <b>Total</b>   | <b>180,056</b>                  | <b>14,238</b>                   |
| <b>6 Reserves &amp; Surplus</b>                        |                                 |                                 |
| <b>Securities Premium/Additional Paid in Capital</b>   |                                 |                                 |
| Opening Balance  | -                               | -                               |
| Additions during the year                              | -                               | -                               |
| Closing Balance  | -                               | -                               |
| <b>Profit &amp; Loss Account</b>                       |                                 |                                 |
| Opening Balance  | 494,035                         | 467,300                         |
| Additions during the year                              | 311,355                         | 26,735                          |
| Closing Balance  | 805,390                         | 494,035                         |
| <b>Total</b>   | <b>805,390</b>                  | <b>494,035</b>                  |

*Salboro & Associates*  
Certified Public Accountants

*Ann Gunde*

**DUCON COMBUSTION INC. USA**  
**Schedules to the financial statements**

|   | For the period ended<br>31st March 2024<br>USD | For the Year Ended<br>31st March 2023<br>USD |
|---|--|--|
| <b>7 Sales and Operating Income</b>   |  |  |
| Sale of goods   | 12,517,380                                     | 10,243,310                                   |
|   | <b>12,517,380</b>                              | <b>10,243,310</b>                            |
| <b>8 Cost of Sales</b>  |  |  |
| Purchase of Trading goods and other costs<br>(Increase) / decrease in inventory | 11,651,444<br>-                                | 9,926,478<br>-                               |
|   | <b>11,651,444</b>                              | <b>9,926,478</b>                             |
| <b>9 Selling and Operating Expenses</b>   |  |  |
| Salary and allowances   | 101,900  | 42,000                                       |
| Sales promotion expenses (net)  | 29,600   | 24,000                                       |
| Travelling expenses   | 5,300  | 1,492  |
| Telephone expenses  | 2,400  | 855  |
| Freight outward   | 26,890   | 20,420                                       |
| Electricity charges   | 4,900  | 1,090  |
| Rent  | 32,000   | 24,000                                       |
| Repairs & Maintenance   | 15,500   | 11,780                                       |
| R&D Expenses  | 5,273  | 2,906  |
| Audit fees  | 15,000   | 10,000                                       |
|   | <b>238,763</b>                                 | <b>138,543</b>                               |

***Salboro & Associates***  
**Certified Public Accountants**

*Amir Gurdle*



**Ducon Combustion Equipment Inc.**  
Notes to Financial Statements  
For Fiscal Years Ended March 31, 2023, and 2024  
(All figures are in US Dollars)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Operations & Ownership**

Ducon Combustion Equipment Inc. ("Company") was incorporated on December 04, 2017 in New York, USA, as a wholly owned subsidiary of Ducon Infratechnologies Ltd. of Thane, India. The Company sells new & refurbished industrial equipment, including, heat exchangers, cogeneration plants and packaged diesel power plants, to customers world-wide.

**Revenue Recognition**

Revenue and related costs are recognized when goods are shipped to customers provided that ownership and risk of loss have passed to the customer. Revenue for major equipment projects is recognized under the percentage of completion method by comparing actual costs incurred to total estimated costs to complete the respective projects. Anticipated losses are provided for as soon as they become evident.

**Inventories**

Inventory of raw materials are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis, and replacement cost. Finished goods are valued at the lower of cost, on a first-in, first-out basis, and net realized value. Net realized value is defined as selling price less estimated selling costs.

**Cash & cash equivalents**

The Company considers all highly liquid temporary cash investments with original maturities of three months or less when purchased, to be cash equivalents.

**Income Taxes**

The asset and liability method of accounting for income taxes is followed. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis (temporary differences). Changes in the net future tax assets or liability are included in earnings. Future tax assets and liabilities are measured using substantially enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the substantial enactment dates. Future income tax assets are evaluated and if their realization is not considered "more likely than not", a valuation allowance is provided.

Significant judgment is required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, the Company considers all available evidence including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. In the event that the Company changes its determination as to the amount of deferred tax assets that can be realized, the Company will adjust its valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

**Ducon Combustion Equipment Inc.**  
Notes to Financial Statements  
For Fiscal Years Ended March 31, 2023, and 2024  
(All figures are in US Dollars)

**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 based on currently available information, 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.

**2. LITIGATION AND CONTINGENCIES**

The Company is not involved in any material legal proceedings, lawsuits, and claims. From time-to-time Company gets involved in various legal disputes related to business matters including product warranty and environmental matters of a nature considered normal to its business. It is the Company's policy to accrue for amounts related to these legal matters if it is probable that a liability has been incurred and an amount is reasonably estimable. Management believes, after consulting with counsel, that the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the results of operations, or financial position of the Company.