KNAV
PARTNERS BEYOND BOUNDARIES

Independent Auditor's Report

To the Shareholder,
Sutlej Holdings Inc.

We have audited the accompanying consolidated balance sheet of Sutlej Holding Inc. and its subsidiary ('the Company' or 'the group') as at March 31, 2019 and the related consolidated statements of profit and loss (including other comprehensive income), stockholder's equity, and cash flows for the year April 1, 2018 to March 31, 2019, and the related notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information, , prepared in accordance with the group accounting policies followed by Sutlej Textiles and Industries Limited ('STIL' or 'the holding company'). The financial statements have been prepared solely to enable the holding company, to prepare its consolidated Ind AS financial statements as at and for the year ended March 31, 2019.

Management's responsibility for the consolidated financial statement

The Company's Board of Directors is responsible for the preparation of the Financial Statement that give a true and fair view of the financial position, financial performance, financial cash flows of the entity, and a summary of significant account policies and other explanatory information, prepared in accordance with group accounting policies followed by the holding company of the group. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The Financial Statement has been prepared by the Management for the use by SITL in preparation of its consolidated Ind AS financial statements in accordance with the group accounting policies followed by SITL.

Auditors' responsibility

Our responsibility is to express an opinion on the Financial Statement and other information based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Financial Statement that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial Statement.

We have communicated all matters of significance to you in the communications you requested in your Group referral instructions.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the entity have been prepared, in all material respects, as established by you, in accordance with group accounting policies followed by SITL and are suitable for inclusion in the consolidated Ind AS financial statements of SITL.

Atul Deshmukh

Atul Deshmukh, CPA
KNAV P.A.
Certified Public Accountants
Atlanta, Georgia
May 03, 2019

Sutlej Holdings, Inc. and its subsidiary
Consolidated balance sheets
(All amounts in Indian Rupees, unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,950,314	4,167,636
Intangibles	4	7,776,899	-
Goodwill	4	52,185,000	48,783,075
Financial assets		-	
Other non current financial assets	5	1,057,268	3,403,888
Total non-current assets		**67,969,481**	**56,354,599**
Current assets			
Inventories	6	102,651,801	75,678,225
Financial assets		-	
Trade receivables	7	64,759,170	97,321,649
Cash and cash equivalents	8	73,880,658	115,525,672
Other current assets	9	4,477,110	8,809,378
Total current assets		**245,768,739**	**297,334,924**
Total assets		**313,738,220**	**353,689,523**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	291,270,150	291,270,150
Other equity	11	(49,733,579)	3,761,497
Total equity		**241,536,571**	**295,031,647**
LIABILITIES			
Non current liabilities			
Deferred tax liabilities	12	1,436,366	666,507
Total non current liabilities		**1,436,366**	**666,507**
Current liabilities			
Financial liabilities			
Trade payables	13	56,836,941	53,100,703
Other financial liabilities	14	13,911,712	4,890,666
Current tax liabilities	12	16,630	-
Total current liabilities		**70,765,283**	**57,991,369**
Total liabilities		**72,201,649**	**58,657,876**
Total equity and liabilities		**313,738,220**	**353,689,523**

(The above consolidated financial statements shall be read in conjuction with the accompanying notes)

This is the consolidated balance sheets referred to in our report of even date

For KNAV P.A.
Certified Public Accountants

Atul Deshmukh

Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: May 03, 2019

For and on behalf of Board of Directors of Sutlej Holdings, Inc. and subsidiary

Rohit Dhoot
Director

Place : Mumbai
Date: May 03, 2019

Bipeen Valame
Director and CFO

Place : Mumbai
Date: May 03, 2019

Sutlej Holdings, Inc. and its subsidiary
Consolidated statements of profit and loss
(All amounts in Indian Rupees, unless otherwise stated)

	Notes	For the year ended March 31, 2019	For the period ended March 31, 2018
Revenue from operations	15	525,178,284	228,042,501
Other income	16	1,369,223	1,054,629
Total Income		**526,547,507**	**229,097,130**
Expenses			
Cost of materials consumed	17	29,690,375	30,607,690
Purchases of stock in trade	17	364,458,318	140,932,615
Changes in inventory of finished goods, stock in trade and intermediates	17	(10,388,108)	(9,827,305)
Employee benefit expenses	18	108,870,487	34,283,857
Depreciation expense	19	2,167,074	657,074
Other expenses	20	105,061,472	29,472,741
Total expenses		**599,859,618**	**226,126,671**
Profit before tax		**(73,312,111)**	**2,970,459**
Tax expense:			
Current tax	12	374,752	-
Deferred tax	12	726,715	660,037
Income tax expense		**1,101,467**	**660,037**
Profit for the period attributable to the owners of the Company		**(74,413,578)**	**2,310,422**
Other comprehensive income (OCI):			
Items that will be reclassified subsequently to profit and loss			
- Exchange differences on translation of operations into reporting currency		20,918,502	1,451,075
Total comprehensive income for the period attributable to owners of the company		**(53,495,076)**	**3,761,497**

Earnings per equity share (Face value $1,000 per share)			
Basic		(16,536)	513
Diluted		(16,536)	513

(The above consolidated financial statements shall be read in conjuction with the accompanying notes)

This is the consolidated statements of profit and loss referred to in our report of even date

For KNAV P.A.
Certified Public Accountants

Atul Deshmukh

Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: May 03, 2019

For and on behalf of Board of Directors of Sutlej Holdings, Inc. and subsidiary

Rohit Dhoot
Director

Place : Mumbai
Date: May 03, 2019

Bipeen Valame
Director and CFO

Place : Mumbai
Date: May 03, 2019

Sutlej Holdings, Inc. and its subsidiary
Consolidated statements of changes in equity
(All amounts in Indian Rupees, unless otherwise stated)

	Equity share capital		Attributable to owners of the Company			
	Authorized, issued & outstanding			Other equity		
	Shares	Value	Retained earnings	Comprehensive income	Total Other Equity	Total equity attributable to equity shareholders
As at September 28, 2017	-	-	-	-	-	-
Issue of share capital	4,500	291,270,150				291,270,150
Net profit for the period			2,310,422	-	2,310,422	2,310,422
Effect of changes in foreign currency translation			-	1,451,075	1,451,075	1,451,075
Balance as at March 31, 2018	4,500	291,270,150	2,310,422	1,451,075	3,761,497	295,031,647
Issue of share capital					-	-
Net loss for the period			(74,413,578)	-	(74,413,578)	(74,413,578)
Effect of changes in foreign currency translation			-	20,918,502	20,918,502	20,918,502
Balance as at March 31, 2019	4,500	291,270,150	(72,103,156)	22,369,577	(49,733,579)	241,536,571

(The above consolidated financial statements shall be read in conjuction with the accompanying notes)

This is the consolidated statements of changes in equity referred to in our report of even date

For KNAV P.A.
Certified Public Accountants

Atul Deshmukh

Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: May 03, 2019

For and on behalf of Board of Directors of Sutlej Holdings, Inc. and subsidiary

Rohit Dhoot
Director

Place : Mumbai
Date: May 03, 2019

Bipeen Valame
Director and CFO

Place : Mumbai
Date: May 03, 2019

Sutlej Holdings, Inc. and its subsidiary
Consolidated statement of cash flows
(All amounts in Indian Rupees, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flow for Operating Activities		
Profit before income tax from continuing operations	(73,312,111)	2,970,459
Adjustments for		
Depreciation and amortization	2,167,074	657,074
Provision for inventories	13,980,667	-
Provision for doubtful debts	476,303	(1,054,629)
Changes in operating assets and liabities		
(Increase)/Decrease in other assets	2,596,000	(2,506,427)
(Increase)/Decrease in trade receivables	(9,538,402)	17,723,157
(Increase)/Decrease in inventories	(35,777,584)	(15,374,753)
(Increase)/Decrease in other current assets	4,969,584	(8,213,306)
(Increase)/Decrease in other financial assets	-	
Increase/(Decrease) in trade payables	48,627,607	(25,172,911)
Increase/(Decrease) in other financial liabilities	8,720,326	20,232,285
Increase/(Decrease) in current tax liabilities	(219,496)	
Income tax paid	(138,548)	(263,448)
Net Cash used in operating activities	**(37,448,582)**	**(11,002,499)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(4,670,699)	
Purchase of software	(875,343)	
Internally developed software	(6,937,696)	
Business combination	-	(164,450,540)
Net cash flow used in investing activity	**(12,483,738)**	**(164,450,540)**
Cash flow from financing activity		
Issue of Equity Share Capital	-	289,857,187
Net cash flow from financing activity	**-**	**289,857,187**
Net cash and cash equivalents at the beginning of the period	(49,932,319)	114,404,149
Net change in cash flows	115,525,672	-
Effect of foreign currency translation	8,287,306	1,121,523
Net cash and cash equivalents at the end of the period	**73,880,658**	**115,525,672**

(The above consolidated financial statements shall be read in conjuction with the accompanying notes)

This is the consolidated statements of cash flow referred to in our report of even date

For KNAV P.A.
Certified Public Accountants

Atul Deshmukh

Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: May 03, 2019

For and on behalf of Board of Directors of Sutlej Holdings, Inc. and subsidiary

Rohit Dhoot
Director

Place : Mumbai
Date: May 03, 2019

Bipeen Valame
Director and CFO

Place : Mumbai
Date: May 03, 2019

Notes to consolidated financial statements

(All amounts in Indian Rupees, unless otherwise stated)

1 Reporting entity

Sutlej Holdings Inc. is a wholly owned subsidiary of Sutlej Textiles and Industries Limited ("the Parent Company"), a company incorporated in India. The Company was incorporated in the state of Delaware on September 28, 2017. Sutlej USA, LLC, a wholly owned subsidiary of Sutlej Holdings Inc. (collectively referred to as "the Company" or "the Group") was also incorporated on September 28, 2017 in the state of Delaware. Pursuant to a business combination as described below, the name of Sutlej USA, LLC was changed to American Silk Mills, LLC. The Company is primarily engaged in the design, manufacture and distribution of textiles to wholesalers, manufacturers and retailers for the home furnishing industry.

2 Basis of preparation

2.1 Statement of compliance

The financial statements of Sutlej Holdings, Inc. ("the Company") comply in all material aspects with Indian Accounting Standards ("Ind AS") as prescribed under section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India. These consolidated financial statements are the first financial statements of the Group as per Ind AS.

The Consolidated financial statements were authorized for issue by the Company's Board of Directors on April 25, 2019

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis for the year ended March 31, 2019 and period September 28, 2017 to March 31, 2018..

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except measurements that have some similarities to fair value but are not fair value, such as net realizable value in Inventories or value in use in Impairment of Assets. The basis of fair valuation of these items is given as part of their respective accounting policies.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;

- **Level 2** inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability

2.3 Basis of presentation

Functional currency and presentation currency:
The consolidated financial statements of the Company are reported in Indian Rupees. The functional currency of Sutlej Holdings, Inc. and its subsidiary are the United States Dollars (USD). The results and financial position of the Company that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that balance sheet
- Income and expenses are translated at average exchange rates and;
- All resulting exchange differences are recognized in other comprehensive income.

Classification of assets and liabilities as current and non-current:
All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

2.4 Use of estimated and judgements
The preparation of the consolidated financial statements in conformity with Ind AS 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. The management's estimates for determination of useful lives for property, plant and equipment and impairment of intangible assets, revenue from contracts with customer, provision for doubtful debts and inventory valuation at the balance sheet date represent certain of these particularly sensitive estimates. 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.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i. Revenue from contracts with customers: The Management applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers such as identifying performance obligations, estimating relative standalone selling price of items not sold separately, and determining timing of satisfaction of performance obligations for revenue from research and development contracts.

ii. Income taxes: Management uses estimates when determining current and deferred income taxes. These estimates are used to determine the recoverability of tax loss carry forward amounts, research and development expenditures and investment tax credits.

2.5 New standards adopted by the Company

The Company has applied the following standard and amendments for the first time for its annual reporting period commencing April 1, 2018:

- Ind AS 115, Revenue from Contracts with Customers

The Company applied the cumulative catch-up transition method of transition to change its accounting policies following the adoption of Ind AS 115 which is applied to orders that were not completed as of April 1, 2018. This is disclosed in Note 15. However, the effect on adoption of Ind AS 115 did not have any significant impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

3 Significant accounting policies

3.1 Principles of consolidation

The consolidated financial statements include financial statements of the Company and American Silk Mills, LLC (erstwhile known as "Sutlej USA, LLC"), its wholly owned subsidiary. The financial statements of subsidiaries of the company are included in consolidated financial statements from the date on which control is transferred. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

3.2 Business combination

The Acquisition method of accounting is used to account for business combination, regardless of whether equity instrument or other assets are acquired. The consideration transferred for the acqusition of a subsidiary comprise of cash. Identifable assets acquired and liabilities and contingent liabilties assumed in business combination are, with limited exception, measured intially at their fair value at the acquisition date. The excess of the consideration tranferred over the net identifable assets acquired is recorded as goodwill.

Pursuant to business combination, purchase price allocation ('PPA') was undertaken to assess the fair value of assets and liabilities acquired in the acquisition wherein total purchase consideration was allocated to all acquired assets and assumed liabilities and the excess over fair value of net identifiable assets acquired was allocated to goodwill amounting to USD 750,000 as at November 6, 2017

3.3 Revenue recognition

The Company manufactures and trades a range of textile products to wholesalers, manufacturers and retailers for the home furnishing industry. Revenues are recognized through profit and loss when the Company transfers control of goods at a point in time in exchange for a consideration.

Revenue from sale of products:

Revenues related to sale of products is recognized at a point in time when control of the asset is transferred to the customer based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of physical possession, the transfer of risk and rewards, and acceptance by the customer. In case of product sales undertaken by the Company, sales are recognized when control of the products has transferred, being when the products are either delivered to pre-agreed location or shipped from the warehouse, as agreed in the contract, the risk and rewards has transferred, the entity has right to payment and has transferred legal title to a customer. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated trade discounts.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use. Any gain or losses on disposal of an item of property, plant and equipment is recognized in the statement of profit and loss

Depreciation

Depreciation is provided on a pro-rata basis on the straight line method ('SLM') over the estimated useful lives of the assets as follows:

Asset class	Useful life
Machinery and equipment	3 to 5 years
Office equipment	3 to 5 years
Furniture and fixtures	3 to 5 years
Leasehold Improvements	Over the term of lease

3.5 Intangible asset

Intangible asset comprise of internally developed software for internal use of the management and purchased software. Cost associated with maintaining software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use it
- there is an ability to use the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include software consultant's cost and an appropriate portion of relevant overheads.
Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

During the year ended March 31, 2019, the Company has capitalized internally developed software in progress amounting to INR 7,776,899. The asset is under development and not available for use as at March 31, 2019. The management estimates the useful life of the software to be 3 to 5 years.

Amortization

Amortization is provided on a pro-rata basis on the straight line method ('SLM') over the estimated useful lives of the assets as follows:

Asset class	Useful life
Purchased computer software	3 to 5 years
Internally developed software	3 to 5 years

3.6 Impairment of assets

Goodwill and other intangible assets that have indefinite useful life are not subject to amortization and tested annually for impairment, or more frequent if the events or changes in circumstances indicate that they might be impaired. The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.7 Financial instruments

Non derivative financial assets

i) Cash and cash equivalents
Cash comprises balance with bank reported as cash equivalents on the statement of financial position and for the purpose of statement of cash flows.

ii) Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business, if longer), they are classified as current assets otherwise as non-current assets. Trade receivables are measured at their transaction price.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Non derivative financial liabilities

i) Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.8 Inventories

Inventories are stated at the lower of cost and market value using the first in first out method. Cost is determined using the standard costing method. Cost in the case of raw materials comprises the purchase price and attributable direct costs, less trade discounts. The Company periodically reviews its inventories to determine whether any inventories have declined in value and records a charge to operations for known and estimated inventory obsolescence.

In evaluating whether inventory is stated at the lower of cost or market, management considers such factors as the amount of inventory on hand and in the distribution channel, the estimated time required to sell such inventory, and current and expected market conditions, including levels of competition. Adjustments to reduce inventories to their net realizable value are charged to cost of goods sold.

3.9 Taxation

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable tax laws.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

3.10 Operating lease

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight line basis against profits as per the terms of the lease agreement over the lease period.

3.11 Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

3.12 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3.13 Earnings per share

In determining earnings per share, the Company considers the net profit and loss after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

3.14 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crores as per the requirement of Schedule III, unless otherwise stated.

3.15 New standards not yet adopted or future accounting standards

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Ind AS 16 Leases:
Ind AS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard i.e. lessors will continue to classify leases as finance or operating leases.

The standard is effective for annual periods beginning on or after January 1, 2019, with an option of early adoption.

Notes to consolidated financial statements
(All amounts in Indian Rupees, unless otherwise stated)

4 Non current assets

i) Tangible assets

	Machinery and equipment	Furniture and fixtures	Office equipments	Leasehold Improvements	Total
As at Septembet 28, 2017	-	-	-	-	-
Acquisition as at November 6, 2017	453,087	2,946,076	1,408,412	-	4,807,575
Additions during the period	-	-	-	-	-
Disposal	-	-	-	-	-
Other adjustments					
-Borrowing costs	-	-	-	-	-
-Exchange differences	2,222	14,447	6,906	-	23,575
As at March 31, 2018	**455,309**	**2,960,523**	**1,415,318**	-	**4,831,150**
Additions during the period	1,406,793	1,005,797	649,493	1,608,616	4,670,699
Disposal					-
Other adjustments					-
-Borrowing costs					-
-Exchange differences	(6,507.03)	(4,652)	(3,004)	(7,441)	(21,604)
As at March 31, 2019	**1,855,595**	**3,961,668**	**2,061,807**	**1,601,175**	**9,480,244**
Depreciation and Impairment					
As at Septembet 28, 2017					-
Charge for the period	55,459	407,024	194,591		657,074
Impairment	-	-	-		-
Disposals	-	-	-		-
Exchange differences	544	3,989	1,907		6,440
As at March 31, 2018	**56,003**	**411,013**	**196,498**		**663,514**
Charge for the period	1,224,567	571,809	288,701	81,997	2,167,074
Impairment					-
Disposals					-
Exchange differences	(30,166)	(182,734)	(87,377)	(379)	(300,657)
As at March 31, 2019	**1,250,404**	**800,088**	**397,821**	**81,617**	**2,529,931**
Net Block					
As at March 31, 2018	**399,305**	**2,549,510**	**1,218,820**	-	**4,167,635**
As at March 31, 2019	**605,191**	**3,161,580**	**1,663,985**	**1,519,558**	**6,950,314**

ii) Intangible assets

	Goodwill	Software	Internally developed software under development	Total
As at Septembet 28, 2017	-	-	-	-
Acquisition as at November 6, 2017	48,545,025	-	-	48,545,025
Exchange differences	238,050	-	-	238,050
As at March 31, 2018	**48,783,075**	-	-	**48,783,075**
Additions during the period		871,293	6,905,606	7,776,899
Exchange differences	3,401,925			3,401,925
As at March 31, 2019	**52,185,000**	**871,293**	**6,905,606**	**59,961,899**
Amortization and Impairment				
As at Septembet 28, 2017				
Charge for the period	-	-	-	-
Exchange differences	-	-	-	-
As at March 31, 2018	-	-	-	-
Charge for the period		-	-	-
Exchange differences	-	-	-	-
As at March 31, 2019	-	-	-	-
Net Block				
As at March 31, 2018			-	
As at March 31, 2019	52,185,000	871,293	6,905,606	59,961,899

Impairment of goodwill - As at March 31, 2019 and March 31, 2018, the management has analyzed and tested the goodwill for impairment. Based on the assessment, no allowance for impairment loss is required.

During the year, the Company has purchased design software amounting to INR 871,293 which has not been put to use as at March 31, 2019. Accordingly, no amortization has been charged on the purchased software.

During the year ended March 31, 2019, the Company has capitalized internally developed software in progress amounting to INR 6,906,606. The asset is under development and not available for use as at March 31, 2019.

5 Financial assets

	As at March 31, 2019	As at March 31, 2018
Non Current		
Security Deposits	1,057,268	3,403,888
	1,057,268	3,403,888

Security deposits include deposits for leased office premises

Notes to consolidated financial statements

(All amounts in Indian Rupees, unless otherwise stated)

6 Inventories

	As at March 31, 2019	As at March 31, 2018
Raw materials	22,577,135	5,991,667
Finished goods	88,682,716	69,686,558
Finished goods inventory in transit	5,307,950	-
Inventory reserve	(13,916,000)	-
Total inventories at the lower of cost and net realisable value	**102,651,801**	**75,678,225**

Write-downs of inventories to net realisable value amounted to INR 13,916,000 (March 31, 2018 – Nil). These were recognised as an expense during the year and included in 'changes in inventory of finished goods, stock in trade and intermediates' in statement of profit and loss.

7 Trade receivables

	As at March 31, 2019	As at March 31, 2018
Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	64,759,170	97,321,649
Doubtful	474,099	1,044,933
	65,233,269	**98,366,583**
Allowance for bad and doubtful debts		
Unsecured		
Doubtful	(474,099)	(1,044,933)
	(474,099)	**(1,044,933)**
Total trade receivables		
Non-current	-	-
Current	64,759,170	97,321,649
	64,759,170	**97,321,649**

Credit risk:

The credit period to customers ranges from 30 to 60 days. For every new customer, the Company performs a credit rating check.

Of the trade receivables balance as at March 31, 2019, the top five customers of the Company constitutes 49% of total trade receivables balance. (March 31, 2018 - 42% of total trade receivables)

On March 31, 2019, the maximum exposure of credit risk for trade receivables by geographic region is as follows:

Customer location	**Balance as at March 31, 2019**	**Percentage (%)**	**Balance as at March 31, 2018**
United States of America	62,481,240	96%	92,760,226
Canada	1,560,401	2%	1,560,578
China	594,004	1%	1,458,540
Ausralia	333,984	1%	1,063,244
Others	263,639	0%	1,523,995
	65,233,268		**98,366,583**

The trade receivables are analyzed as under:

Aging analsis	**As at March 31, 2019**	**As at March 31, 2018**
Neither past due nor impaired	56,007,902	72,481,810
Past due but not impaired:		
0 to 15 days	4,276,161	13,041,953
16 to 30 days	1,328,336	8,747,623
31 to 60 days	1,126,947	2,402,909
61 to 90 days	917,733	1,692,289
More than 90 days	1,576,189	
Toal balance	**65,233,269**	**98,366,583**

Management estimates that balances that are past due for more than 30 days are still collectible in full, based on historic payment behaviour and extensive analysis of customers' credit risk, including underlying customers' credit ratings if available.

8 Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
Balances with banks:		
- In current accounts	73,866,305	115,525,672
Cash in hand	14,353	-
	73,880,658	**115,525,672**

9 Other current assets

	As at March 31, 2019	As at March 31, 2018
Current		
Advances to suppliers.	321,038	287,365
Advance income tax, net of provisions	-	253,022
Security deposit	-	721,209
Accrued interest income	91,011	-
Prepaid expenses and other current assets	4,065,061	7,547,782
	4,477,110	**8,809,378**

Notes to consolidated financial statements
(All amounts in Indian Rupees, unless otherwise stated)

10 Equity share capital

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount (INR)	No. of shares	Amount (INR)
Authorized shares	4,500	291,270,150	4,500	291,270,150
Issued (No.)	4,500	291,270,150	4,500	291,270,150
Subscribed and fully paid-up (No.)	4,500	291,270,150	4,500	291,270,150
Total issued, subscribed and fully paid-up share capital	**4,500**	**291,270,150**	**4,500**	**291,270,150**

(a) Terms / rights attached to equity shares

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him 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 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.

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount (INR)	No. of shares	Amount (INR)
At the beginning of the period	4,500	291,270,150	4,500	291,270,150
Issued during the year	-	-	-	-
Outstanding at the end of the year	**4,500**	**291,270,150**	**4,500**	**291,270,150**

(c) Shares held by holding/ ultimate holding company and /or their subsidiaries/ associates

All the outstanding shares of the company were held by Sutlej Textiles and Industries Ltd., the ultimate parent of the company

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% Holding	No. of shares	% Holding
Sutlej Textiles and Industries Ltd.	4,500	100%	4,500	100%

(d) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% Holding	No. of shares	% Holding
Sutlej Textiles and Industries Ltd.	4,500	100%	4,500	100%

11 Other equity

	As at March 31, 2019		As at March 31, 2018	
Retained earnings				
Opening balance	2,310,422			
Add: Net profit for the year	(74,413,578)		2,310,422	
		(72,103,156)		**2,310,422**
Other comprehensive income				
Opening balance	1,451,075			
Add: Effect of changes in foreign currency translation	20,918,502		1,451,075	
		22,369,577		**1,451,075**
Total other equity		**(49,733,579)**		**3,761,497**

12 Income tax

	March 31, 2019	March 31, 2018
Profit before tax from continuing operations	**(73,312,111)**	**2,970,459**
Income tax expense calculated at 21%*	(15,395,543)	623,796
Reduction in tax rate		934,246
Effect of expenses that is non-deductible in determining taxable profit	43,971	(350,490)
Effect of current year losses for which no deferred tax asset is recognised	21,315,519	-
Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets	43,083	(945,068)
Changes in recognised deductible temporary differences	(61,167)	
State taxes	(4,844,396)	397,505
Income tax expense recognised in profit or loss from continuing operations	**1,101,467**	**660,037**

* The tax rate used for March 31, 2019 reconciliation above is the corporate federal tax rate of 21% payable by corporate entities in US on taxable profits under US federal tax code.

Deferred tax liabilities

	As at March 31, 2019	As at March 31, 2018
Plant, Property & Equipment	3,536,869	1,204,117
Goodwill	1,436,347	469,815
Accrued vacation	(155,130)	-
Inventory reserve	(4,055,587)	-
NOLs	(20,544,070)	(1,007,425)
Tax effect of items constituting deferred taxes	**(19,781,571)**	**666,507**
Deferred tax assets not recognised	(21,217,937)	
Total net deferred tax liabilities	**1,436,366**	**666,507**

Notes to consolidated financial statements
(All amounts in Indian Rupees, unless otherwise stated)

13 Trade and other payables

	As at March 31, 2019	As at March 31, 2018
A. Trade payables		
Due to others	56,836,941	53,100,703
Total trade and other payables	**56,836,941**	**53,100,703**

14 Other financial liabilities

	As at March 31, 2019	As at March 31, 2018
Employee benefits payable	3,684,293	2,565,404
Accrued expenses	10,227,419	2,325,262
Total other financial liabilities at amortized cost	**13,911,712**	**4,890,666**

Notes to consolidated financial statements

(All amounts in Indian Rupees, unless otherwise stated)

15 Revenue from operations

15.1 Disaggregated revenue information	**For the year ended March 31, 2019**	**For the period ended March 31, 2018**
Sale of products		
- Finished goods	525,178,284	228,042,501
Total revenue from operations	**525,178,284**	**228,042,501**

15.2 Timing of revenue recognition	**For the year ended March 31, 2019**	**For the period ended March 31, 2018**
Goods transferred at a time	525,178,282	228,042,501
	525,178,282	**228,042,501**

15.3 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	For the year ended March 31, 2019	**For the period ended March 31, 2018**
Trade receivables *(Refer note 7)*	64,759,170	97,321,649
	64,759,170	**97,321,649**

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. Decrease in overall trade receivables resulted from better collection from the customers compared to previous period.

15.4 Right of return assets and liabilities

The Company does not have any right of return assets and liabilities as at March 31, 2019 and March 31, 2018.

15.5 Performance obligation

Performance obligation for revenues has been summarized in the Note 3.3.

16 Other income

	For the year ended March 31, 2019	**For the period ended March 31, 2018**
Provision for doubtful debts written back		1,054,629
Interest income	1,355,242	-
Miscellaneous other income	13,981	-
Total other income	**1,369,223**	**1,054,629**

17 Cost of raw materials and components used

	For the year ended March 31, 2019	**For the period ended March 31, 2018**
Inventory at the beginning of the year	5,991,667	-
Add: Purchases	46,275,843	36,599,357
Less: Inventory as at end of the year	(22,577,135)	(5,991,667)
Cost of materials consumed	**29,690,375**	**30,607,690**

Purchases of stock in trade

	For the year ended March 31, 2019	**For the period ended March 31, 2018**
Finished goods purchased during the year	364,458,318	140,932,615
Total purchases of stock in trade	**364,458,318**	**140,932,615**

(Increase)/ Decrease in inventories of finished goods & work-in-progress

	For the year ended March 31, 2019	For the period ended March 31, 2018
Inventories at the end of the period (refer note 7)		
Finished goods	80,074,666	69,686,558
	80,074,666	**69,686,558**
Inventories at the beginning of the period (refer note 3)		
Finished goods	69,686,558	59,859,252
	69,686,558	**59,859,252**
Total increase in finished goods and work in progress	**(10,388,108)**	**(9,827,305)**

18 Employee benefit expenses

	For the year ended March 31, 2019	For the period ended March 31, 2018
Salaries, wages and bonus	102,291,648	31,102,514
Payroll taxes	6,578,839	3,181,344
	108,870,487	**34,283,857**

19 Depreciation and amortization expense

	For the year ended March 31, 2019	For the period ended March 31, 2018
Depreciation of tangible assets	2,167,074	657,074
	2,167,074	**657,074**

20 Other expenses

	For the year ended March 31, 2019	For the period ended March 31, 2018
Repairs and maintenance		
- Plant and machinery	188,251	34,396
- Other	1,380,050	42,963
Rent	10,182,110	3,107,978
Rates and taxes	73,538	13,009
Insurance	3,029,605	628,475
Legal and professional fees	28,546,260	7,174,287
Commission and discount	9,731,874	4,041,897
Freight forwarding charges	805,590	745,255
Travelling expenses	7,894,397	2,258,116
Traveling & car expenses	1,961,621	276,073
IT Support Service Cost	4,901,909	1,557,499
Payment to Auditors	2,167,003	2,241,562
Bank charges	945,635	280,968
Postage & telephones	4,627,757	550,407
Dues & subscriptions	364,728	37,037
Utilities	353,549	72,786
Miscellaneous expenses	27,907,594	6,410,031
	105,061,472	**29,472,741**

20.1 Payment to auditors

	For the year ended March 31, 2019	For the period ended March 31, 2018
Statutory audit of financial statements	1,747,583	901,778
Other audit and assurance services	419,420	1,339,784
Total payment to auditors	**2,167,003**	**2,241,562**

Notes to consolidated financial statements

(All amounts in Indian Rupees, unless otherwise stated)

23 Earnings per share

Basic and diluted eanings per share

The calculation of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purpose of basic and diluted earnings per share calculation are a follows:

	As at March 31, 2019	As at March 31, 2018
Net (loss) profit after tax	(74,413,578)	2,310,422
Weighted average number of outstanding equity shares	4,500	4,500
Basic and diluted earnings per share	**(16,536)**	**513**
Face value per share	USD 1,000	USD 1,000

24 Fair value measurements

The management consider that the carrying amounts of financial assets and liabilities recognized in the financial statements approximate their fair value as on March 31, 2019 and March 31, 2018.

25 Segmental Reporting

i) Reportable segments

The Company is primarily engaged in the textile business which is considered to be the only reportable business segment as per Indian Accounting Standard (Ind AS) 108 "Operating Segments". There is no other reportable segment.

ii) Geographical information

The geographical information analyses the company's revenues and non current assets by the company's country of domicile (USA) and other countires. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets which have been used based on the geographical location of the assets.

a) Revenue from operations

	For the period ended March 31, 2019		For the period ended March 31, 2018	
	Amount (INR)	Percentage (%)	Amount (INR)	Percentage (%)
United states of America	458,651,567	87%	207,947,531	91%
Canada	14,975,249	3%	10,961,017	5%
China	39,723,896	8%	4,500,159	2%
Australia	2,819,061	1%	1,716,447	1%
Others	9,008,511	2%	2,917,347	1%
Total revenue from operations	525,178,284		228,042,501	

b) Property, plant and equipment

	As at March 31, 2019		As at March 31, 2018	
	Amount (INR)	Percentage (%)	Amount (INR)	Percentage (%)
United states of America	6,950,314	100%	4,167,636	100%
Others		0%	-	0%
Total property, plant and equipment	6,950,314		4,167,636	

26 Commitments and contingencies

The Company pursuant to acquisition of business from Legacy Weavers LLC, acquired lease agreements for the showrooms at High Point, North Carolina ("NC"), New York ("NY") and Plains, Pennsylvania "Plains". The lease term expiry dates for North Carolina is July 30, 2021, New York leases is October 31, 2018 and Pennsylvania is December 31, 2020. The company has decided not to renew the lease for the NY location post completion of the tenure of the lease. The lease rental deposit is INR 318,050, INR 739,217 for NC and Plains locations, respectively. The monthly lease rent is INR 319,528, INR 495,149 and INR 287,233 for NC, Plains and NY locations respectively.

	As at March 31, 2019	As at March 31, 2018
Not Later than one year	9,775,841	4,706,568
Later than one year but not later than five years	9,568,788	6,659,016
Later than five years	-	-
Total	19,344,629	11,365,584

27 Business combination

On October 18, 2017, the wholly owned subsidiary of the Company, erstwhile known as Sutlej USA, LLC entered into an asset purchase agreement with American Silk Mills, LLC ("ASM") to acquire certain assets and liabilities of the business. ASM was primarily engaged in the design, manufacture and worldwide distribution of textiles to wholesalers, manufacturers and retailers for the home furnishing industry. Post-acquisition, Sutlej USA, LLC acquired the brand name of American Silk Mills, LLC and ASM's name was changed to Legacy Weavers, LLC.

The effective closing took place on November 06, 2017 for a purchase consideration of INR 170,046,038 (Equivalent USD $ 2,627,139). The Company accounted the acquisition by following the purchase method of accounting wherein total purchase consideration was allocated to all acquired assets and assumed liabilities. The purchase price allocation ('PPA') was undertaken to assess the fair value of assets and liabilities acquired in the acquisition.

a. Purchase consideration

	Amount
Cash and cash equivalents	170,046,038
Total	**170,046,038**

As at March 31, 2018, of the total purchase consideration, INR 165,252,184 was paid on November 6th, 2017 and balance amount of INR 4,793,853 is shown as other payables in consolidated balance sheet (Refer Note 16) which represents hold back amount as per the agreement.

b. Identifiable assets acquired and liabilities assumed

	Amount
Property, plant and equipment	4,807,576
Other non current financial assets	868,632
Inventories	59,859,252
Trade receivables	115,310,228
Other current assets	251,010
Trade payables	(56,712,628)
Other financial liabilities	(2,883,057)
Total net identifiable assets acquired	121,501,013

c. Measurement of fair values

Assets acquired	**Valuation technique**
i) Property, plant and equipment	Property, plant and equipment have been valued on a provisional basis.
ii) Inventories	**Market comparison technique:** The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale based on the effort required to complete and sell the inventories.

The Company accounted the acquisition by following the purchase method of accounting wherein total purchase consideration was allocated to all acquired assets and assumed liabilities based on the purchase price allocation.

d. Goodwill

Goodwill arising from the acquisition has been determied as follows:

	Note	Amount
Consideration transferred	A	170,046,038
Fair value of net identifiable assets	B	(121,501,013)
Goodwill		**48,545,025**

28 Capital management

The Group's objectives when managing the capital are to:
a) to safeguard their ability to continue as a going concern, so that they can contribute to provide returns for their shareholder and provide benefits for other stakeholders, and
b) to safeguard their ability to discharge their liabilities as and when they arise.

The Company defines capital as equity share capital, net of cash. The capital components of the Company are as given below:

	As at March 31, 2019		As at March 31, 2018	
	Amount (INR)	Percentage (%)	Amount (INR)	Percentage (%)
Equity share capital	291,270,150	134%	291,270,150	166%
Cash and cash equivalents	(73,880,658)	-34%	(115,525,672)	-66%
Total capital	217,389,492	100%	175,744,478	

	As at March 31, 2019	As at March 31, 2018
Total liabilities	72,201,649	58,657,875
Less: Cash and cash equivalents	(73,880,658)	(115,525,672)
Adjusted net-debt	**(1,679,009)**	**(56,867,796)**
Total Equity	241,536,571	295,031,647
Adjusted equity	**241,536,571**	**295,031,647**
Adjusted net debt to adjusted equity ratio	**(0.01)**	(0.19)

29 Risk management

The group is exposed through its operations to the following risk:

i) Credit risk (Refer note 7)
ii) Foreign exchange risk, and
iii) Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

a) Trade receivables
ii) Cash and cash equivalents
iii) Trade payables

Risk management

The management has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

i) Credit risk- Refer Note 7

ii) Foreign exchange risk

Foreign exchange risk arises when Company enters into transactions denominated in a currency other than its functional currency i.e. the United States Dollars. The Company does not face substantial exposure to foreign exchange risk as siginificant portion of the transactions take place in the United States Dollars.

iii) Liquidity risk
Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity risk management implies maintenance of sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The table below provides details regarding the contractual maturites of financial liabilities as at March 31, 2019

	As at March 31, 2019			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Trade payables	56,836,941	-	-	-
Other financial liabilities	13,911,712	-	-	-
Total	**70,748,653**	-	-	-

	As at March 31, 2018			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Trade payables	53,100,703	-	-	-
Other financial liabilities	4,890,666	-	-	-
Total	**57,991,369**	-	-	-

30 Economic dependence and concentration of risk

The Company's principal market is in North America. For the period ended March 31, 2019, the top five customers of the Company accounted for 35% of total revenue from operations of the Company whereas the top five product categories accounted for 93% of total sales. As at March 31, 2019, top five receivables of the Company accounted for 49% of total accounts receivable of the Company.

For the period ended March 31, 2018, the top three customers of the company accounted for 22% of total revenue from operations of the company whereas the top three products accounted for 44% of total sales. As at March 31, 2018, top three receivables of the company accounted for 30% of total accounts receivable of the company.

As at March 31, 2019, top five payables of the Company accounted for 58% of total accounts payable of the Company. These suppliers accounted for approximately 88% of finished goods purchased by the Company during the period ended March 31, 2019. The goods they supply are widely available from many sources.

As at March 31, 2018, top 3 payables of the company accounted for 44% of total accounts payable of the company. These suppliers accounted for approximately 92% of finished goods purchased by the company during the period ended March 31, 2018. The goods they supply are widely available from many sources.

31 Related party

Related parties with whom transactions have taken place during the year
a) Parent entity
b) David Corbin - Chief Executive Officer, Key Management personnal

Name	Type	Place of incorporation	Ownership interest
Sutlej Textiles and Industries Limited	Immediate and Ultimate parent company	India	100%

Summary of transactions with related parties are as follows:

	March 31, 2019	March 31, 2018
Purchases from parent company	3,330,760	-
Sales to parent company	237,713	-
Remuneration to key management personnel*	4,128,840	-
Payable to parent company	1,013,335	-
Accrued remuneration to key management personnel*	430,074	-

* David Corbin was hired and appointed as Chief Executive Officer from January 07, 2019

32 Subsequent events

The Company evaluated all events and transactions that occurred after March 31, 2019 through May 03, 2019. Further based on the evaluation the Company is not aware of any events or transactions that to require recognition or disclosure in financial statements.

For KNAV P.A.
Certified Public Accountants

Atul Deshmukh

Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: May 03, 2019

For and on behalf of Board of Directors of Sutlej Holdings, Inc. and subsidiary

Rohit Dhoot
Director

Place : Mumbai
Date: May 03, 2019

Bipeen Valame
Director and CFO

Place : Mumbai
Date: May 03, 2019