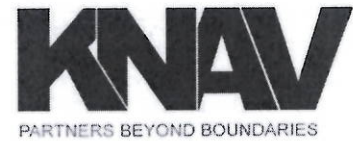


1 HR



Independent Auditor's Report

To the Shareholder,
Sutlej Holdings Inc.

We have audited the accompanying consolidated financial results of Sutlej Holdings Inc. and its Subsidiary for the year ended 31 March 2018 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

Management's responsibility for the consolidated financial statement

These consolidated financial results have been prepared on the basis of the annual consolidated financial statements, which are the responsibility of the Company's management.

Auditors' responsibility

Our responsibility is to express an opinion on these financial results based on our audit of the annual consolidated financial statements which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us these consolidated financial results: -

- (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations, in this regard; and
- (ii) give a true and fair view of the net profit and other comprehensive income and other financial information for the year ended 31 March 2018.

Atul Deshmukh

Atlanta, Georgia
May 11, 2018

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

	Notes	As at March 31, 2018
ASSETS		
Non-current assets		
Property, plant and equipment	4	4,167,636
Goodwill	4	48,783,075
Financial assets		
Other non current financial assets	5	3,403,888
Total non-current assets		56,354,599
Current assets		
Inventories	6	75,678,225
Financial assets		
Trade receivables	7	97,321,649
Cash and cash equivalents	8	115,525,672
Other current assets	9	8,809,378
Total current assets		297,334,924
Total assets		353,689,522
EQUITY AND LIABILITIES		
Equity		
Equity share capital	10	291,270,150
Other equity	11	3,761,497
Total equity		295,031,647
LIABILITIES		
Non current liabilities		
Deferred tax liabilities	12	666,507
Total non current liabilities		666,507
Current liabilities		
Financial liabilities		
Trade payables	13	31,231,055
Other financial liabilities	14	26,760,314
Total current liabilities		57,991,368
Total liabilities		58,657,875
Total equity and liabilities		353,689,522

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

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

For KNAV P.A.
Certified Public Accountants

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

Atul Deshmukh
Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: 05/11/2018

Bipeen Valame
Director
Place : Mumbai
Date: 05/11/2018

Jeremy Robinson
CFO
Place : Delaware
Date: 05/11/2018

Sutlej Holdings, Inc. and its subsidiary
Consolidated Statement of Profit and Loss
(All amounts in Indian Rupees, unless otherwise stated)

	Notes	For the period September 28, 2017 to March 31, 2018
Revenue from operations	15	228,042,501
Other income	16	1,054,629
Total Income		229,097,130
Expenses		
Cost of materials consumed	17	30,607,690
Purchases of stock in trade	18	140,932,615
Changes in inventory of finished goods, stock in trade and intermediates	19	(9,827,305)
Employee benefit expenses	20	34,283,857
Depreciation expense	21	657,074
Other expenses	22	29,472,741
Total expenses		226,126,671
Profit before tax		2,970,459
Tax expense:		
Current tax	12	-
Deferred tax	12	660,037
Income tax expense		660,037
Profit for the period attributable to the owners of the Company		2,310,422
Other comprehensive income (OCI):		
<i>Items that will be reclassified subsequently to profit and loss</i>		
- Exchange differences on translation of operations into reporting currency		1,451,075
Total comprehensive income for the period attributable to owners of the company		3,761,497

Earnings per equity share (Face value \$1,000 per share)

Basic	513.43
Diluted	513.43

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

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

For KNAV P.A.
Certified Public Accountants

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

Atul Deshmukh

Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: 05/11/2018

Bipeen Valame
Director

Place : Mumbai
Date: 05/11/2018

Jeremy Robinson
CFO

Place : Delaware
Date: 05/11/2018

Sutlej Holdings, Inc. and its subsidiary
Consolidated Statement of Cash Flows
(All amounts in Indian Rupees, unless otherwise stated)

	For the period September 28, 2017 to March 31, 2018
Cash flow for Operating Activities	
Profit before income tax from continuing operations	2,970,459
Adjustments for	
Depreciation and amortization	657,074
Provision for bad debts	(1,054,629)
Changes in operating assets and liabilities	
(Increase)/Decrease in other assets	(2,506,427)
(Increase)/Decrease in trade receivables	17,723,157
(Increase)/Decrease in inventories	(15,374,753)
(Increase)/Decrease in other current assets	(8,213,306)
Increase/(Decrease) in trade payables	(25,172,911)
Increase/(Decrease) in other financial liabilities	20,232,285
Increase/(Decrease) in current tax liabilities	-
Income tax paid	(263,448)
Cash from operating activities	(11,002,499)
Cash flow from investing activities	
Business Combination	(164,450,540)
Net cash flow from investing activity	(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	-
Net change in cash flows	114,404,149
Effect of foreign currency translation	1,121,523
Net cash and cash equivalents at the end of the period	115,525,672

Notes

- 1) The above consolidated financial statements shall be read in conjunction with the accompanying notes
- 2) Figures in bracket indicate cash outflow.

This is the consolidated statement of cash flows referred to in our report of even date

For KNAV P.A.
Certified Public Accountants

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

Atul Deshmukh

Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: 05/11/2018

Bipeen Valame
Director
Place : Mumbai
Date: 05/11/2018

Jeremy Robinson
CFO
Place : Delaware
Date: 05/11/2018

Sutlej Holdings, Inc. and its subsidiary
Consolidated Statement of changes in equity
(All amounts in Indian Rupees, unless otherwise stated)
For the period September 28, 2017 to March 31, 2018

	Equity share capital		Attributable to owners of the Company			Total equity attributable to equity shareholders
	Authorized, issued & outstanding		Retained earnings	Other equity		
	Shares	Value		Comprehensive income	Total Other Equity	
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

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

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

For KNAV P.A.
Certified Public Accountants

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

Atul Deshmukh
Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: 05/11/2018

Bipeen Valame
Director
Place : Mumbai
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Jeremy Robinson
CFO
Place : Delaware
Date: 05/11/2018

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 May 11, 2018

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis for the 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, 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.

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 acquisition of a subsidiary comprise of cash. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are, with limited exception, measured initially at their fair value at the acquisition date. The excess of the consideration transferred over the net identifiable assets acquired is recorded as goodwill.

The Company has recorded a goodwill of \$750,000 pursuant to business combination. The purchase price allocation ("PPA") is being undertaken to assess the fair value of assets and liabilities acquired in the acquisition. However, the initial accounting of the business combination is not completed as the appraisal values of goodwill is in progress. The amounts recorded in the financial statement are provisional and the adjustments, if any, will be made retrospectively once completed.

3.3 Revenue recognition

Revenue from sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when all of the following criteria are met:

- i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) there is no continuing effective control or managerial involvement, with the goods.
- iii) the amount of revenue can be measured reliably;
- iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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:

<u>Asset class</u>	<u>Useful life</u>
Machinery and equipment	3 to 5 years
Office equipment	3 to 5 years
Furniture and fixtures	3 to 5 years

3.5 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.

3.6 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.

3.7 Inventories

Raw material inventory and finished goods inventory are valued at the lower of cost or market with cost determined using the first in first out method and with market defined as the lower of replacement cost or realizable value. 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.

3.8 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.

3.9 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.

3.10 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.

3.11 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.

3.12 Earnings per share

In determining earnings per share, the Company considers the net profit 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.

3.13 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.

3.14 Recent accounting pronouncement:

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Notes to consolidated financial statements

(All amounts in Indian Rupees, unless otherwise stated)

4 Non current assets

i) Tangible assets

	<u>Machinery and equipment</u>	<u>Furniture and fixtures</u>	<u>Office equipments</u>	<u>Total</u>
As at September 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	<u>455,309</u>	<u>2,960,523</u>	<u>1,415,318</u>	<u>4,831,150</u>
Depreciation and Impairment				
As at September 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	<u>56,003</u>	<u>411,013</u>	<u>196,498</u>	<u>663,514</u>
Net Block				
As at September 28, 2017	-	-	-	-
As at March 31, 2018	<u>399,306</u>	<u>2,549,510</u>	<u>1,218,820</u>	<u>4,167,636</u>

ii) Intangible assets

	<u>As at</u> <u>March 31, 2018</u>
Goodwill (Refer Note 27)	48,783,075
	<u>48,783,075</u>

5 Financial assets

	<u>As at</u> <u>March 31, 2018</u>
Non Current	
Security Deposits	3,403,888
	<u>3,403,888</u>

Security deposits include refundable deposits paid to payroll processing agency amounting to INR 3,252,205 and for leased office premises amounting to INR 151,683.

Notes to consolidated financial statements

(All amounts in Indian Rupees, unless otherwise stated)

6 Inventories

	<u>As at</u> <u>March 31, 2018</u>
Raw materials	5,991,667
Finished goods	69,686,558
Total inventories at the lower of cost and net realisable value	<u>75,678,225</u>

7 Trade receivables

	<u>As at</u> <u>March 31, 2018</u>
Trade receivables	
Secured, considered good	-
Unsecured, considered good	97,321,649
Doubtful	1,044,933
	98,366,583
Allowance for bad and doubtful debts	
Unsecured	-
Doubtful	1,044,933
	1,044,933
Total trade receivables	
Non-current	-
Current	97,321,649
	<u>97,321,649</u>

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, 2018, the top five customers of the Company represent a balance of INR 41,753,824 constituting 42% of total trade receivables balance. There are no other customers who represent more than 11% of total balance of trade receivables.

On March 31, 2018, the maximum exposure of credit risk for trade receivables by geographic region is as follows:

<u>Customer location</u>	<u>Balance as at</u> <u>March 31, 2018</u>	<u>Percentage (%)</u>
United States of America	92,760,226	94%
Canada	1,560,578	2%
China	1,458,540	1%
Australia	1,063,244	1%
Others	1,523,995	2%
	<u>98,366,583</u>	

The trade receivables are analyzed as under:

Aging analysis	As at March 31, 2018
Neither past due nor impaired	72,481,810
Past due but not impaired:	
0 to 30 days	13,041,953
30 to 60 days	8,747,623
60 to 90 days	2,402,909
More than 90 days	1,692,289
Toal balance	<u>98,366,583</u>

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, 2018
Balances with banks:	
In current accounts	118,730,199
Less: Cheques issued but not cleared	3,204,528
	<u>115,525,672</u>

9 Other current assets

	As at March 31, 2018
Current	
Advances to suppliers.	287,365
Advance income tax, net of provisions	253,022
Security Deposits	721,209
Prepaid expenses	7,547,782
	<u>8,809,378</u>

Notes to consolidated financial statements

(All amounts in Indian Rupees, unless otherwise stated)

10 Equity share capital

	As at March 31, 2018	
	No. of shares	Amount (INR)
Authorized shares	4,500	291,270,150
Issued (No.)	4,500	291,270,150
Subscribed and fully paid-up (No.)	4,500	291,270,150
Total issued, subscribed and fully paid-up share capital	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, 2018	
	No. of shares	Amount (INR)
At the beginning of the period	-	-
Issued during the year	4,500	291,270,150
Outstanding at the end of the year	4,500	291,270,150

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

As at March 31, 2018, 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, 2018	
	No. of shares	% Holding
Sutlej Textiles and Industries Ltd.	4,500	291,270,150

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

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

11 Other equity

	As at March 31, 2018	
Retained earnings		
Opening balance	-	
Add: Net profit for the year	2,310,422	
		2,310,422
Other comprehensive income		
Opening balance	-	
Add: Effect of changes in foreign currency translation	1,451,075	
		1,451,075
Total other equity		3,761,497

12 Income tax

	<u>March 31, 2018</u>
Profit before tax from continuing operations	2,970,459
Income tax expense calculated at 21%	623,796
Effect of tax rates in foreign jurisdictions	-
Reduction in tax rate	934,242
Effect of income that is exempt from taxation	-
Effect of expenses that is non-deductible in determining taxable profit	(350,470)
Effect of tax incentives and concessions (research and development and other allowances)	-
Effect of current year losses for which no deferred tax asset is recognised	-
Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets	(945,022)
Changes in recognised deductible temporary differences	-
Changes in estimates related to current year	-
State taxes	397,491
	660,037
Adjustments recognised in the current year in relation to the current tax of prior years	-
Income tax expense recognised In profit or loss from continuing operations	660,037

The tax rate used for March 31, 2018 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

	<u>As at March 31, 2018</u>
Plant, Property & Equipment	1,204,161
Identifiable Intangibles	469,814
Net operating losses	(1,007,468)
Tax effect of items constituting deferred tax liabilities	666,507
Deferred tax liabilities/assets not recognised	-
Total net deferred tax liabilities	666,507

Notes to consolidated financial statements

(All amounts in Indian Rupees, unless otherwise stated)

13 Trade and other payables

	<u>As at</u> <u>March 31, 2018</u>
A. Trade payables	
Due to others	31,231,055
Trade payables to related parties	-
Total trade and other payables	<u><u>31,231,055</u></u>

14 Other financial liabilities

	<u>As at</u> <u>March 31, 2018</u>
Employee benefits payable	2,565,404
Accrued expenses	2,325,262
Other payables*	21,869,648
Total other financial liabilities at amortized cost	<u><u>26,760,314</u></u>

*Other payables include amounts payable to Legacy Weavers, LLC including INR 4,817,361 that represents holdback amount of purchase consideration as per asset purchase agreement.

Notes to consolidated financial statements

(All amounts in Indian Rupees, unless otherwise stated)

15 Revenue from operations

	<u>For the period ended March 31, 2018</u>
Revenue from operations	
Sale of products	
- Finished goods	228,042,501
Total revenue from operations	<u>228,042,501</u>
	<u>For the period ended March 31, 2018</u>
Revenue from operations	
Sale of Trading activities	202,148,013
Sale of manufacturing activities	25,894,488
Total revenue from operations	<u>228,042,501</u>

16 Other income

	<u>For the period ended March 31, 2018</u>
Provision for doubtful debts written back	1,054,629
Total other income	<u>1,054,629</u>

17 Cost of raw materials and components used

	<u>For the period ended March 31, 2018</u>
Inventory at the beginning of the year	-
Add: Purchases	36,599,357
Less: Inventory as at end of the year	5,991,667
Cost of materials consumed	<u>30,607,690</u>

18 Purchases of stock in trade

	<u>For the period ended March 31, 2018</u>
Finished goods purchased during the year	140,932,615
Total purchases of stock in trade	<u>140,932,615</u>

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

	<u>For the period ended March 31, 2018</u>
Inventories at the end of the period (refer note 7)	
Finished goods	69,686,558
	<u>69,686,558</u>
Inventories at the beginning of the period (refer note 3)	
Finished goods	59,859,252
	<u>59,859,252</u>
Total increase in finished goods and work in progress	<u>(9,827,305)</u>

20 Employee benefit expenses

	<u>For the period ended</u> <u>March 31, 2018</u>
Salaries, wages and bonus	31,102,514
Payroll taxes	3,181,344
	<u>34,283,857</u>

21 Depreciation and amortization expense

	<u>For the period ended</u> <u>March 31, 2018</u>
Depreciation of tangible assets	657,074
	<u>657,074</u>

22 Other expenses

	<u>For the period ended</u> <u>March 31, 2018</u>
Repairs and maintenance	
- Plant and machinery	34,396
- Other	42,963
Rent	3,107,978
Rates and taxes	13,009
Insurance	628,475
Legal and professional fees	7,174,287
Commission and discount	4,041,897
Packing material	358,328
Freight forwarding charges	745,255
Travelling expenses	2,258,116
Traveling & car expenses	276,073
IT Support Service Cost	1,557,499
Payment to Auditors	2,241,562
Bank charges	280,968
Postage & telephones	550,407
Dues & subscriptions	37,037
Utilities	72,786
Miscellaneous expenses	6,051,703
	<u>29,472,741</u>

22(i) Payment to auditors

	<u>For the period ended</u> <u>March 31, 2018</u>
Statutory audit of financial statements	901,778
Other audit and assurance services	1,339,784
Total payment to auditors	<u>2,241,562</u>

Notes to consolidated financial statements

(All amounts in Indian Rupees, unless otherwise stated)

23 Earnings per share

Basic and diluted earnings 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 as follows:

	<u>As at</u> <u>March 31, 2018</u>
Net profit after tax	2,310,422
Weighted average number of outstanding equity shares	4,500
Basic and diluted earnings per share	513.43
Face value per share	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, 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 countries. 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

	<u>For the period ended March 31, 2018</u>	
	<u>Amount (INR)</u>	<u>Percentage (%)</u>
United states of America	207,947,531	91%
China	10,961,017	5%
Canada	4,500,159	2%
Australia	1,716,447	1%
Others	2,917,347	1%
Total revenue from operations	<u>228,042,501</u>	

b) Property, plant and equipment

	<u>As at March 31, 2018</u>	
	<u>Amount (INR)</u>	<u>Percentage (%)</u>
United states of America	4,167,636	100%
Others	-	0%
Total property, plant and equipment	<u>4,167,636</u>	

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") and New York ("NY"). The lease term expiry dates for North Carolina and New York leases are July 31, 2018 and October 31, 2018 respectively. However, company has planned to renew the NC location rent agreement for further period of 3 years, from November 01, 2018 to October 31, 2021. The lease rental deposit is INR 721,209 and INR 151,683 for NY and NC locations respectively. The monthly lease rent is INR 264,672 and INR 237,822 for NY and NC locations respectively.

	<u>As at</u> <u>March 31, 2018</u>
Not Later than one year	4,706,568
Later than one year but not later than five years	6,659,016
Later than five years	-
Total	<u>11,365,584</u>

Adjusted net-debt	(56,867,796)
Total Equity	295,031,647
Adjusted equity	295,031,647
Adjusted net debt to adjusted equity ratio	(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 significant 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 maturities of financial liabilities as at March 31, 2018

	As at March 31, 2018			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Trade payables	31,231,055	-	-	-
Other financial liabilities	26,760,314	-	-	-
Total	57,991,368	-	-	-

30 Economic dependence and concentration of risk

The Company's principal market is in North America. 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, 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

- a) Parent entity

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

There are no transactions incurred with the parent company during the period ended March 31, 2018 other than issue of share capital as described in note 10.

32 Subsequent events

The Company evaluated all events and transactions that occurred after March 31, 2018 through May 11, 2018; the date the financial statements are issued. 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

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

Atul Deshmukh
Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: 05/11/2018

Bipeen Valame
Director
Place : Mumbai
Date: 05/11/2018

Jeremy Robinson
CFO
Place : Delaware
Date: 05/11/2018

