

# **Sutlej Holdings Inc. and Subsidiary**

Consolidated financial statements

March 31, 2026, and March 31, 2025

## **KNAV CPA LLP**

**Certified Public Accountants**

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America Counts on CPAs

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## Independent auditor's report

Board of Directors and Stockholder  
Sutlej Holdings Inc.

### Opinion

We have audited the consolidated financial statements of Sutlej Holdings Inc. and Subsidiary (“the Company”), which comprise the consolidated balance sheets as of March 31, 2026, and March 31, 2025, and the related consolidated statements of loss, changes in stockholder’s (deficit) equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2026, and March 31, 2025, and the consolidated results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the consolidated financial statements’ section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Company’s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

**KNAV CPA LLP**

Atlanta, Georgia

May 04, 2026

**Sutlej Holdings Inc. and Subsidiary**  
Consolidated financial statements  
March 31, 2026, and March 31, 2025

## **Consolidated financial statements**

**Sutlej Holdings Inc. and Subsidiary**

Consolidated financial statements  
 March 31, 2026, and March 31, 2025

**Consolidated balance sheets**

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

**ASSETS****Current assets**

Cash	483,157	941,910
Accounts receivable, net	9,905	95,688
Receivable from factoring company, net	-	626,983
Inventories, net	-	2,299,340
Other current assets	16,893	47,057
<b>Total current assets</b>	<b>509,955</b>	<b>4,010,978</b>

Plant and equipment, net	36,351	48,664
Operating lease right-of-use assets	105,234	250,262
Intangible assets, net	24,194	54,556
Other assets	15,192	15,192
<b>Total assets</b>	<b>690,926</b>	<b>4,379,652</b>

**LIABILITIES AND STOCKHOLDER'S (DEFICIT) EQUITY****Current liabilities**

Accounts payable	107,464	651,895
Operating lease obligations, current portion	105,234	145,028
Other current liabilities	187,718	194,981
Long term borrowings from Parent Company, current portion	770,000	-
<b>Total current liabilities</b>	<b>1,170,416</b>	<b>991,904</b>

Long term borrowings from Parent Company, less current portion	-	770,000
Operating lease obligations, less current portion	-	105,234
<b>Total liabilities</b>	<b>1,170,416</b>	<b>1,867,138</b>

**Stockholder's (deficit) equity**

Common Stock: 28,385 shares authorized, issued, and outstanding, comprising of 7,500 shares at par value of \$1,000 each and 20,885 shares at par value of \$158 each. (March 31, 2025: 28,385 shares authorized, issued, and outstanding, comprising of 7,500 shares at par value of \$1,000 each and 20,885 shares at par value of \$158 each.)

Accumulated deficit	10,799,830	10,799,830
	(11,279,320)	(8,287,316)
<b>Total stockholder's (deficit) equity</b>	<b>(479,490)</b>	<b>2,512,514</b>

<b>Total liabilities and stockholder's (deficit) equity</b>	<b>690,926</b>	<b>4,379,652</b>
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*(The accompanying notes are an integral part of these consolidated financial statements)*

**Sutlej Holdings Inc. and Subsidiary**Consolidated financial statements  
March 31, 2026, and March 31, 2025**Consolidated statements of loss***(All amounts are in United States Dollars, unless otherwise stated)*

	<b>For the year ended</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Revenue from operations	1,110,724	4,373,659
Other income	4,795	-
<b>Total revenue</b>	<b>1,115,519</b>	<b>4,373,659</b>
Cost of goods sold (excluding depreciation and amortization)	2,681,507	3,434,669
<b>Gross (loss) profit</b>	<b>(1,565,988)</b>	<b>938,990</b>
<b>Costs and expenses</b>		
Employee cost	683,536	781,365
Selling, general and administrative expenses	617,781	644,951
Depreciation and amortization	42,556	58,011
<b>Total cost and expenses</b>	<b>1,343,873</b>	<b>1,484,327</b>
<b>Operating loss</b>	<b>(2,909,861)</b>	<b>(545,337)</b>
Interest expense	(81,943)	(268,769)
<b>Loss before taxes</b>	<b>(2,991,804)</b>	<b>(814,106)</b>
<b>Income tax expense (benefit)</b>		
Current tax expense (benefit)	200	(916)
<b>Net loss</b>	<b>(2,992,004)</b>	<b>(813,190)</b>

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

**Sutlej Holdings Inc. and Subsidiary**Consolidated financial statements  
March 31, 2026, and March 31, 2025**Consolidated statements of changes in stockholder's (deficit) equity***(All amounts are in United States Dollars, except number of shares)*

<b>Particulars</b>	<b>Common stock</b>				<b>Accumulated deficit</b>	<b>Total stockholder's (deficit) equity</b>
	<b>Authorized Shares</b>	<b>Value</b>	<b>Issued &amp; outstanding Shares</b>	<b>Value</b>		
<b>Balance as of March 31, 2024</b>	<b>7,500</b>	<b>7,500,000</b>	<b>7,500</b>	<b>7,500,000</b>	<b>(7,474,126)</b>	<b>25,874</b>
Issue of share capital	20,885	3,299,830	20,885	3,299,830	-	3,299,830
Net loss for the year	-	-	-	-	(813,190)	(813,190)
<b>Balance as of March 31, 2025</b>	<b>28,385</b>	<b>10,799,830</b>	<b>28,385</b>	<b>10,799,830</b>	<b>(8,287,316)</b>	<b>2,512,514</b>
Net loss for the year	-	-	-	-	(2,992,004)	(2,992,004)
<b>Balance as of March 31, 2026</b>	<b>28,385</b>	<b>10,799,830</b>	<b>28,385</b>	<b>10,799,830</b>	<b>(11,279,320)</b>	<b>(479,490)</b>

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

**Sutlej Holdings Inc. and Subsidiary**Consolidated financial statements  
March 31, 2026, and March 31, 2025**Consolidated statements of cash flows***(All amounts are in United States Dollars, unless otherwise stated)***For the year ended**  
**March 31, 2026    March 31, 2025****Cash flows from operating activities**

Net loss (2,992,004) (813,190)

**Adjustments to reconcile net loss to net cash used in operating activities**Depreciation and amortization 42,556 58,011  
Provision for slow moving and obsolete inventory 1,360,324 54,253  
Intangible assets written off - 22,556  
Plant and equipment written off 119 300**Changes in assets and liabilities**Accounts receivable, net 85,783 (62,523)  
Inventories 939,016 101,469  
Other current assets 657,142 (153,097)  
Accounts payable (544,428) (5,004)  
Other current liabilities (7,261) 88,602  
Current portion of operating lease obligations (39,794) 23,687  
Operating lease obligations, less current portion (105,234) 26,584  
Operating lease right-of-use assets 145,028 (50,271)  
**Net cash used in operating activities (458,753) (708,623)****Cash flows from investing activities**Purchase of plant and equipment - (48,843)  
**Net cash used in investing activities - (48,843)****Cash flows from financing activities**Loan from Parent Company - 770,000  
Line of credit repayment - (2,400,000)  
Share capital issued to Parent Company - 3,299,830  
**Net cash provided by financing activities - 1,669,830****Net (decrease) increase in cash (458,753) 912,364**

Cash at the beginning of the year 941,910 29,546

**Cash at end of the year 483,157 941,910****Supplemental cash flow information**Income taxes paid 200 200  
Interest paid 17,819 168,263**Supplemental non-cash flow information**

Lease assets obtained in exchange for new lease liabilities - 178,602

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

## **Notes to consolidated financial statements**

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

### **NOTE A - NATURE OF OPERATIONS**

1. Organization and nature of operations

Sutlej Holdings Inc. was incorporated on September 28, 2017, in the State of Delaware and is a wholly owned subsidiary of Sutlej Textiles and Industries Limited (“the Parent Company”), a Company incorporated in India. Sutlej Holdings Inc. acquired 100% of the controlling interest of American Silk Mills, LLC (“ASM”) on September 28, 2017. Sutlej Holdings Inc. and its subsidiary, ASM are collectively referred to as the “Company”. The Company is primarily engaged in the design, manufacture, and worldwide distribution of textiles to wholesalers, manufacturers, and retailers for the home furnishing industry.

### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements are as follows:

2. Basis of preparation

- i. The accompanying consolidated financial statements are prepared under historical cost convention on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America to reflect the consolidated financial position, results of consolidated operations and consolidated cash flows.
- ii. The consolidated financial statements have been presented for the years ended March 31, 2026, and March 31, 2025.
- iii. All amounts are stated in United States Dollars (USD), except as otherwise specified.

iv. Principles of consolidation

The accompanying consolidated financial statements include the accounts of Sutlej Holdings, Inc. and American Silk Mills, LLC, its wholly owned subsidiary. All inter-company transactions and balances between Sutlej Holdings, Inc. and American Silk Mills, LLC have been eliminated.

v. Going concern

The Company has prepared its consolidated financial statements on the basis that the Company will continue as a going concern.

As of March 31, 2026, current liabilities are \$ 1,170,416 and current assets are \$690,926. As of March 31, 2026, the Company has an accumulated deficit of \$ 11,279,320 and stockholder’s deficit of \$479,490 as of March 31, 2026. The past history of losses including operating cash losses, negative working capital and reliance on financial support from the Parent Company cast a significant doubt on the Company’s ability to continue as a going concern.

The Company’s ability to continue as going concern is dependent upon loans provided and working capital facilities guaranteed by its Parent Company. In this regard, the Company has received a financial support letter dated April 28, 2026, from its Parent Company. The Parent Company has confirmed that it will provide necessary financial support for a minimum period of 12 months from the date the consolidated financial statements for the year ended March 31, 2026, are available to be issued. Further the Parent Company has provided a standby letter of credit in favor of a commercial bank for working capital facility obtained by the Company.

## Sutlej Holdings Inc. and Subsidiary

### Consolidated financial statements

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Management hence believes that it is appropriate to prepare these consolidated financial statements on a going concern basis.

These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

#### 3. Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements. The management's estimates for determination of useful lives for plant and equipment and impairment of intangible assets, long-lived assets, provision for expected credit loss, the valuation of deferred tax assets, inventory reserves, income tax uncertainties and other contingencies at the consolidated balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the consolidated 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.

#### 4. Cash

Cash comprises balance with banks and petty cash balances.

#### 5. Accounts receivable and provision for expected credit loss

Accounts receivable are recorded at the invoiced/to be invoiced amount and do not bear interest. Under Accounting Standards Codification ("ASC") Topic 326, accounts receivables are recorded at the invoiced amount, net of provision for discounts, and others, and provision for expected credit loss. The Company regularly reviews the adequacy of the provision for expected credit loss based on a combination of factors. In establishing any required allowance, management considers historical losses adjusted for current market conditions, the current receivables aging, current payment terms, and expectations of forward-looking loss estimates. Provision for expected credit loss was \$1,101, and \$10,632, as of March 31, 2026, and March 31, 2025, respectively, and is classified within "Accounts receivable, net" in the consolidated balance sheets.

#### 6. Inventories

Inventories are stated at the lower of cost and market value using the first in first out 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, 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 in the consolidated statements of loss.

#### 7. Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is provided over the estimated useful life of the assets using the straight-line method. Expenditures for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost of the asset and related depreciation are eliminated from the financial records. Any gain or loss on disposition is credited or charged to income. The estimated useful lives of assets are as follows:

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<b>Class of asset</b>	<b>Useful life</b>
Computer equipment	6 years
Office equipment	3 to 6 years
Machinery and equipment	3 to 6 years
Furniture and fixtures	3 to 6 years
Leasehold improvements	Shorter of the lease term or the useful life

**8. Intangible assets**

The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortizable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to fair value as required.

The estimated useful lives of the amortizable intangible assets are as follows:

<b>Class of asset</b>	<b>Useful life</b>
Software	5 to 8 years
Internally developed software	5 to 8 years

**9. Impairment of long-lived assets**

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

**10. Revenue recognition**

The Company has adopted Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606). Revenue is recognized upon transfer of control of products or services promised to customers in an amount that reflects the consideration the Company expects to receive in exchange for these products or services. Please refer to Note M, “Revenue from Contracts with Customers” for further information on the Company’s revenue.

The core principle of Accounting Standard Codification (“ASC”) 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Company’s products or services. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

The Company’s performance obligations are satisfied at a point in time. This includes sales of the Company’s broad range of unique textiles for the residential, contract, hospitality, and furniture markets in the United States of America. For a majority of these sales, the Company’s performance obligation is satisfied upon delivery to the customer. Shipping and handling activities are considered to be fulfillment activities and are not considered to be a separate performance obligation.

*11. Income taxes*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. All deferred tax assets and liabilities, along with any related valuation allowance, is classified as non-current on the consolidated balance sheets.

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

*12. Operating Leases*

The Company's leases are classified as operating leases as per ASC Topic 842 - Leases, which are included in operating lease right-of-use assets and operating lease liabilities in the Company's consolidated balance sheets. Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company's estimation considers the market rates of the Company's outstanding collateralized borrowings and interpolations of rates outside of the terms of the outstanding borrowings, including comparisons to comparable borrowings of similarly rated companies with longer term borrowings. Operating lease expense is recognized on a straight-line basis over the lease term and is included in general and administrative expense. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

*13. Employee benefits*

Contributions to defined contribution plans are charged to consolidated statements of loss in the period in which they accrue.

*14. Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but disclosed in notes to the consolidated financial statements. Contingent assets are neither recognized nor disclosed.

*15. Fair value measurements*

Assets and liabilities recorded at fair value in the consolidated financial statements are categorized based upon the level of judgement associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

## Sutlej Holdings Inc. and Subsidiary

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Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available and to minimize the use of unobservable inputs when determining fair value. The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities.

### NOTE C - CASH

Cash comprises of the following:

	As at	
	March 31, 2026	March 31, 2025
Balance with bank	482,757	941,900
Cash in hand	400	10
<b>Total</b>	<b>483,157</b>	<b>941,910</b>

Cash balances on deposits with bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$250,000.

### NOTE D - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, comprise of the following:

	As at	
	March 31, 2026	March 31, 2025
Receivable from customers	11,006	106,320
Less: Provision for expected credit loss	(1,101)	(10,632)
<b>Total</b>	<b>9,905</b>	<b>95,688</b>

The change in the provision for expected credit loss is as under:

	For the year ended	
	March 31, 2026	March 31, 2025
Beginning balance	10,632	12,630
Add: Provision during the year	-	-
Less: Write-off during the year	(9,531)	(1,998)
<b>Closing balance</b>	<b>1,101</b>	<b>10,632</b>

The Company's accounts receivable as of March 31, 2025, serve as collateral to the line of credit entered into by the Company with the financing company. The Company terminated this agreement effective January 31, 2026 (refer Note K for further details).

### NOTE E - INVENTORIES, NET

Inventories, net, comprise of the following:

	As at	
	March 31, 2026	March 31, 2025
Raw materials	473,644	460,025
Finished goods	955,547	1,860,715
Finished goods-in-transit	-	47,467
Less: Provision for slow moving and obsolete inventory	(1,429,191)	(68,867)
<b>Total</b>	<b>-</b>	<b>2,299,340</b>

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The change in the provision for slow moving and obsolete inventory is as under:

	<b>For the year ended</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Beginning balance	68,867	14,614
Add: Provision during the year	1,360,324	54,253
Less: Write-off during the year	-	-
<b>Closing balance</b>	<b>1,429,191</b>	<b>68,867</b>

The Company has recorded provision for the entire inventory outstanding as of March 31, 2026, as the Company believes it will not be able to sell them in the existing market and no economic benefit is expected to be realized.

**NOTE F - OTHER CURRENT ASSETS**

Other current assets comprise of the following:

	<b>As at</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Prepaid expenses	16,724	41,445
Advances to suppliers	-	3,374
Others	169	2,238
<b>Total</b>	<b>16,893</b>	<b>47,057</b>

**NOTE G - PLANT AND EQUIPMENT, NET**

Plant and equipment, net, comprise of the following:

	<b>As at</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Machinery and equipment	23,660	31,908
Computer equipment	73,642	73,642
Office equipment	34,838	42,453
Furniture and fixtures	57,393	60,761
Leasehold improvements	39,254	39,254
<b>Total</b>	<b>228,787</b>	<b>248,018</b>
Less: Accumulated depreciation	(192,436)	(199,354)
<b>Total</b>	<b>36,351</b>	<b>48,664</b>

During the year the company has discarded office equipment, machinery and equipment and furniture and fixtures with net book value of \$39 (March 31, 2025 - \$300). Depreciation expense for the years ended March 31, 2026, and March 31, 2025, amounts to \$12,194 and \$18,147 respectively.

**NOTE H - INTANGIBLE ASSETS, NET**

Intangible assets, net comprise of the following:

	<b>As at</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Software	185,998	185,998
Less: Accumulated amortization	(161,804)	(131,442)
<b>Total</b>	<b>24,194</b>	<b>54,556</b>

Amortization expense for the years ended March 31, 2026, and March 31, 2025, amounts to \$30,362 and \$39,864 respectively. During the year ended March 31, 2026, intangible assets having net book value of \$nil (March 31, 2025 - \$22,556) were written off.

**NOTE I - OTHER ASSETS**

Other assets comprise of the following:

	As at	
	March 31, 2026	March 31, 2025
Security deposit	15,192	15,192
<b>Total</b>	<b>15,192</b>	<b>15,192</b>

**NOTE J - ACCOUNTS PAYABLE**

Accounts payable comprise of the following:

	As at	
	March 31, 2026	March 31, 2025
Due to related party	22,129	208,820
Other trade payables	85,335	443,075
<b>Total</b>	<b>107,464</b>	<b>651,895</b>

**NOTE K - LINE OF CREDIT**

Line of credit comprise of the following:

	As at	
	March 31, 2026	March 31, 2025
ICICI Bank loan	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**1) Rosenthal loan -**

In April 2019, the Company entered into a factoring agreement (the “Facility”) with a finance company. The Facility provides both factoring and revolving credit line of up to \$2,000,000, subject to borrowing base availability. The line of credit is pledged against the Company’s accounts receivable and inventory. The Facility bears interest upon the daily net balance of any monies remitted, paid, or otherwise advanced to the Company which if:

- (i) not in excess of the receivables availability, is charged at a rate per annum equal to receivable interest rate @ 8.50%.
- (ii) in excess of receivables availability but not in excess of the receivables availability plus the inventory availability is charged at a rate per annum equal to the inventory interest rate @8.50%.

The Company terminated its agreement with Rosenthal effective January 31, 2026. As at March 31, 2026, the Company has a receivable from factoring company amounting to \$Nil against the accounts receivable balances transferred on a non-recourse basis (March 31, 2025: \$ 626,983).

During the year ended March 31, 2026, factoring commission expenses of \$21,558 (March 31, 2025: \$42,571) and factoring interest expenses of \$8,919 (March 31, 2025: \$4,968) have been charged to consolidated statements of loss.

In accordance with FASB issued ASC 860-10, Transfers and Servicing, the factoring arrangement with recourse obligation has not met all the three conditions for sale of a receivable. As of March 31, 2026, the recourse obligation amounts to \$Nil (March 31, 2025: \$95,688).

**2) ICICI Bank loan –**

During the year ended March 31, 2025, the Company had extended the working capital facility from ICICI Bank amounting to \$2,400,000 for the term of one year, ending on September 9, 2025. The line of credit has a variable interest rate calculated as a “floating rate” which is an adjusted SOFR plus margin of 2% per annum. The average interest rate for the year ended March 31, 2025, was approximately 6.60%. The facility together with interest, additional interest, cost, charges, expenses and all other monies has been secured by the standby letter of credit

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(SBLC) which is guaranteed by the Parent Company and issued in favor of ICICI Bank. Interest expense for the year ended March 31, 2025, on the said line of credit amounts to \$168,263. During the year ended March 31, 2025, the Company has settled its outstanding line of credit from ICICI bank.

**NOTE L - OTHER CURRENT LIABILITIES**

Other current liabilities comprise of the following:

	<b>As at</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Employee liabilities	48,231	2,291
Accrued expenses	22,657	118,491
Interest payable to Parent Company	116,490	52,967
Advance from customers	-	21,092
Provision for income taxes	340	140
<b>Total</b>	<b>187,718</b>	<b>194,981</b>

**NOTE M - REVENUE FROM CONTRACT WITH CUSTOMERS**

The following table presents revenue disaggregated by product line:

	<b>For the year ended</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Revenue from sale of goods	1,110,724	4,373,659
<b>Total</b>	<b>1,110,724</b>	<b>4,373,659</b>

The following table presents revenue disaggregated by timing of recognition:

	<b>For the year ended</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
At a point in time	1,110,724	4,373,659
<b>Total</b>	<b>1,110,724</b>	<b>4,373,659</b>

Revenue disaggregated by geography based on Customer's locations:

	<b>For the year ended</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
United States of America	1,048,817	4,149,408
Canada	20,380	48,194
Indonesia	16,513	-
Hong Kong	5,279	128,817
Thailand	3,150	-
Others	16,585	47,240
<b>Total revenue from operations</b>	<b>1,110,724</b>	<b>4,373,659</b>

Contract balances

The Company contracts with customers with dealer agreements and purchase orders. These contracts with customers typically consist of sale of products which represent performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time.

	<b>As at</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Accounts receivable	9,905	95,688
Advance from customers	-	21,092

**NOTE N – LEASES**

The Company has entered into lease agreements for the showrooms at High Point, North Carolina (“NC”) and Plains, Pennsylvania (“Plains”). The lease term expiry date for North Carolina is July 31, 2026. The lease has been accounted as operating leases under ASC 842. During the year ended March 31, 2025, the lease agreement for the Plains property expired and was subsequently renewed under a fixed-term lease arrangement, effective from March 1, 2025, to February 28, 2027.

**General description of the lease**

The Company facilities and office space under operating leases which have non-cancellable terms.

**Non-lease components:** Leases that contain non-lease components are accounted for as a single component and recorded on the consolidated balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

**Package of practical expedients:** The Company will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of the transition date.

The Company used the following policies and/or assumptions in evaluating the lease population:

**Lease determination:** The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified plant and equipment (an identified asset) for a period of time in exchange for consideration.

**Discount rate:** When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

**Renewal options:** Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company’s sole discretion.

**Residual value guarantees, restrictions, or covenants:** The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**Short-term leases:** Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to selling, general and administrative expenses on the consolidated statements of loss.

Right-of-use-assets comprise of the following:

	<b>As at March 31, 2026</b>	<b>As at March 31, 2025</b>
Operating lease right-of-use assets	105,234	250,262
<b>Total</b>	<b>105,234</b>	<b>250,262</b>

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Lease liabilities comprise of the following:

	<b>As at March 31, 2026</b>	<b>As at March 31, 2025</b>
Current portion of lease liabilities	105,234	145,028
Non-current portion of lease liabilities	-	105,234
<b>Total</b>	<b>105,234</b>	<b>250,262</b>

The components of the lease cost for operating lease are as follows:

	<b>Year ended March 31, 2026</b>	<b>Year ended March 31, 2025</b>
Operating lease expenses	157,109	131,014
<b>Total operating lease expenses</b>	<b>157,109</b>	<b>131,014</b>

Cash paid for amounts included in the measurement of lease liabilities was as follows:

	<b>Year ended March 31, 2026</b>	<b>Year ended March 31, 2025</b>
Operating cash flows from operating lease	157,109	131,014
<b>Total</b>	<b>157,109</b>	<b>131,014</b>

Future minimum lease payments relating to operating lease are as follows:

<b>Year ending March 31,</b>	<b>Amount (\$)</b>
2027	107,752
<b>Total minimum lease payments</b>	<b>107,752</b>
Less: Imputed interest	2,518
<b>Present value of minimum lease payments</b>	<b>105,234</b>
Less: Current portion	105,234
<b>Non-current, operating lease obligations</b>	<b>-</b>

**Other information:**

	<b>Year ended March 31, 2026</b>	<b>Year ended March 31, 2025</b>
Weighted -average remaining lease term- operating lease	0.73 years	1.73 years
Weighted-average discount rate-operating lease	7.13%	7.13%

**NOTE O - INCOME TAXES**

The Company files federal and state tax returns as per the regulations applicable to Chapter C corporations in the United States of America. The components of the provision for income taxes are as follows:

	<b>For the year ended</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Current tax expense (benefit)	200	(916)
Deferred tax benefit	-	-
<b>Total</b>	<b>200</b>	<b>(916)</b>

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	<b>For the year ended</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Income tax at federal rate	(628,188)	(158,374)

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State tax, net of federal effect	158	(958)
Return to provision	-	175
Permanent differences	196	208
Changes in net operating losses	(8,603)	(142)
Changes in valuation allowance	636,637	158,175
	<b>200</b>	<b>(916)</b>

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that create such differences is as follows:

	As at	
	March 31, 2026	March 31, 2025
Deferred tax assets:		
Net operating losses (NOL's)	2,560,928	2,054,326
Inventory reserve	384,697	17,524
Provision for doubtful debts	-	1,726
Identifiable intangible	88,602	100,069
Rent adjustment	28,327	66,049
Interest disallowed as per IRC 267	31,356	-
<b>Total deferred tax assets</b>	<b>3,093,910</b>	<b>2,239,694</b>
Deferred tax liabilities:		
Plant and equipment	(2,053)	(4,132)
Accrued vacation	(589)	(1,027)
Inventory management system	-	(4,004)
Rent adjustments	(28,326)	(66,049)
<b>Total deferred tax liabilities</b>	<b>(30,968)</b>	<b>(75,212)</b>
Net deferred taxes	3,062,942	2,164,482
Less: Valuation allowance	3,062,942	(2,164,482)
Net deferred taxes	-	-

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference becomes deductible. Management considers earnings expectations, the existence of taxable temporary differences, tax planning strategies and the periods in which estimated losses can be utilized. Based on the history of prior year losses, the management has concluded that it is more likely than not the Company will not realize the deferred tax assets and hence valuation allowance has been established on the timing differences of \$3,062,942 and \$2,164,482 as of March 31, 2026 and March 31, 2025 respectively.

The Company has net operating loss carry forwards of \$10,088,088 as of March 31, 2026 (March 31, 2025: \$8,445,613), available to reduce future federal income taxes. If not used, the carry forwards of \$66,933 will expire in 2039. Carry forwards of \$10,021,155 will be allowed to carry forward indefinitely.

The Company has state Net Operating Loss (NOL's) carryforward of \$ 8,653,535 and \$7,414,728 as at March 31, 2026, and March 31, 2025 respectively, which will be allowed to carryforward as per the state limitations.

Accounting for uncertain tax position

The Company recognizes the consolidated financial statements impact of a tax position when it is more likely than not that the position will be sustained upon examination. This had no material effect on the Company's consolidated financial position, consolidated results of operations or consolidated cash flows.

The tax years of 2022 through 2024 remain subject to examination by the taxing authorities.

## **NOTE P - STOCKHOLDER'S EQUITY**

### *Common stock*

The authorized share capital of the Company as of March 31, 2026, is \$10,799,830, comprising 7,500 shares at a par value of \$1,000 and 20,885 shares at a par value of \$158. (March 31, 2025: \$10,799,830, comprising 7,500 shares at a par value of \$1,000 and 20,885 shares at a par value of \$158).

During the year ended March 31, 2026, there has been no change in the Company's share capital. As of March 31, 2025, the Company had 7,500 shares of common stock at a par value of \$1,000 and 20,885 shares of common stock at a par value of \$158 issued and outstanding.

### *Voting*

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

## **NOTE Q - RISK AND UNCERTAINTIES**

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

## **NOTE R- RELATED PARTY TRANSACTIONS**

Related parties with whom transactions have taken place during the year -

- i) Sutlej Textiles and Industries Limited – Parent Company

Summary of transactions with related parties is as follows:

	<u>March 31, 2026</u>	<u>March 31, 2025</u>
<b>Sutlej Textiles and Industries Limited</b>		
<i>Balances</i>		
Accounts payable	22,129	208,820
Long term loan	770,000	770,000
Interest payable	116,489	52,967

### *Transactions during the year*

Purchases	-	308,990
Issue of shares	-	3,299,830
Interest expense	63,525	52,967
Consulting services	-	25,698

During the year ended March 31, 2025, the Company entered into a financing agreement with its Parent Company for a long-term loan facility of up to \$2,000,000 to support business operations. Under this arrangement, the Company received loan disbursements totaling \$770,000 in two tranches: \$400,000 on May 15, 2024, and \$370,000 on June 03, 2024. The loan carries an annual interest rate of 8.25%, with interest expense recognized during the

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year amounting to \$63,525 (March 31, 2025: \$52,967). The loan is unsecured and is repayable at completion of five years from the respective dates of disbursement.

**NOTE S - FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of balance with bank and trade receivables. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all balances with bank and trade receivables involve risk including the credit risk of non-performance by counterparties. In management's opinion, as of March 31, 2026, and March 31, 2025, there was no significant risk of loss in the event of non-performance of the counterparties to these balances with bank and accounts receivable.

The Company's principal market is in North America. For the years ended March 31, 2026, and March 31, 2025, the top five customers of the Company accounted for 60% and 55% of total revenue from operations respectively, whereas the top five product categories accounted for 98% and 96% of the total revenue from sale of goods respectively, as at March 31, 2026, and March 31, 2025.

As at March 31, 2026, the top five payables of the Company accounted for 88% of the total accounts payable of the Company. As at March 31, 2025, the top five payables of the Company accounted for 86% of the total accounts payable of the Company. These suppliers accounted for approximately 75% of finished goods purchased by the Company during the year ended March 31, 2025.

**NOTE T – EMPLOYEE BENEFITS***Defined contribution plan*

The Company has a defined contribution plan ("the Plan") under Section 401(k) of the Internal Revenue Code which covers substantially all regular full-time employees who have attained the defined age and service requirements. The Plan provides for employee and discretionary employer matching contributions. Employer contributions to the Plan amount to \$2,272 and \$13,546 for the year ended March 31, 2026, and year ended March 31, 2025, respectively.

**NOTE U - SUBSEQUENT EVENTS**

The Company evaluated all subsequent events that occurred after March 31, 2026, up to the date on which these consolidated financial statements were available to be issued. Based upon this evaluation the Company is not aware of any events or transactions that would require recognition or disclosure in the consolidated financial statements.