

AUDIT REPORT
GREENLAM AMERICA, INC.
2018 - 2019

Varkey Associates CPA,PA.
Certified Public Accountants

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GREENLAM AMERICA, INC.

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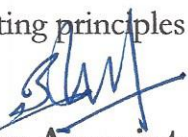
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The Board of Directors,
GREENLAM AMERICA, INC
8750 NW 36th Street, Suite:635,
Doral, Florida 33178

We have audited the balance sheet of **Greenlam America, Inc.** (Type C corporation) as of March 31, 2019, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, and assessing the overall financial presentation. We believe that our audits provide a reasonable basis for expressing our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greenlam America Inc., as of March 31st 2019 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Varkey Associates CPA, PA.

Certified Public Accountants
May 16, 2019.
Miami, Florida.

GREENLAM AMERICA INC.

Balance Sheet

(As at 31st March, 2019)

	<u>Notes</u>		(US \$)	
		<i>March 2019</i>		<i>March 2018</i>
ASSETS:				
Current Assets				
Cash and Bank	A	23,441	20,553	
Accounts Receivables	B	2,740,884	2,561,218	
Prepaid Expenses	C	17,061	5,228	
Advance Tax	D	-	18,347	
Vendor Deposit	E	101,183	13,769	
Goods in Transit	F	343,932	399,078	
Inventories	G	578,896	626,102	
Total Current Assets		3,805,397		3,644,295
Fixed Assets				
Office Equipments	H	6,783	23,410	
Furniture & Fixtures	H	46,327	74,436	
Warehouse Equip & Fixtures	H	96,365	96,365	
(Less) Accumulated Depreciation		(70,890)	(91,891)	
Total Fixed assets		78,585		102,320
Goodwill				
Goodwill	I	900,000	900,000	
Less Acc. Amortization	I	(900,000)	(720,000)	
Total Other Assets		-		180,000
Total Assets		3,883,982		3,926,615
LIABILITIES & SHAREHOLDER'S EQUITY				
Current Liabilities				
Accounts Payable	J	44,875	626,699	
Accrued Expenses	K	91,226	88,417	
Accrued Interest	L	1,190	-	
Income Tax Payable (State)	M	-	19,121	
Customers' Deposits	N	-	5,000	
Loans and Advances	O	500,000	775,000	
Total Current Liabilities		637,291		1,514,237
Shareholder's Equity				
Capital Stock	P	1,600,000	1,600,000	
Retained Earnings	Q	1,646,691	812,378	
Total Shareholder's Equity		3,246,691		2,412,378
Total Liabilities & Shareholder's Equity		3,883,982		3,926,615

GREENLAM AMERICA INC.

Statement of Income

(For the year ended 31st march, 2019)

		(US \$)	
Income		March 2019	March 2018
Gross Sales		15,139,540	13,248,784
Opening Inventory	1,025,180	1,106,112	
Purchases	11,461,239	10,197,535	
	12,486,419	11,303,647	
Less Closing Inventory	922,838	1,025,180	
Less Obsolete Inventory	69,417	-	
Cost of Goods Sold		11,632,998	10,278,467
Gross Profit		3,506,542	2,970,317
General and Administrative Expenses			
Accounting Fee	18,000	18,000	
Amortization Expense	180,000	180,000	
Bank Service Charges	30,494	16,974	
Consultancy Fee	207,054	159,582	
Depreciation Expense	14,130	19,818	
Loss on Sale of Assets	9,604	-	
Insurance Expenses	84,206	89,876	
Legal and Professional Fees	30,470	16,543	
Office Expenses	7,482	8,766	
Staff Welfare	529	2,814	
Payroll Expenses	1,177,627	1,119,886	
Postage and Shipping	27,955	25,728	
Rent Expense	157,705	150,811	
Income Taxes	244,222	172,108	
Rates and Taxes	206		
Repairs and Maintenance	13,006	5,073	
Selling Expenses	156,831	152,784	
Telephone and Fax Charges	27,094	32,694	
Travel Expenses	212,994	284,280	
Warehouse Expenses	106,131	93,636	
Utilities expenses	1,852	3,052	
Total Expenses		2,707,592	2,552,425
Profit from Operations		798,950	417,892
Other Income		58,959	11,867
Other Expense (Bank Interest)		23,596	19,260
Net Profit		834,313	410,499

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The accompanying report and notes are integral parts of these statements

GREENLAM AMERICA INC.

Statement of Retained Earnings

(For the year ended 31st March, 2019)

(US\$)

	<i>March 2019</i>	<i>March 2018</i>
Opening Retained Earnings balance	<u>812,378</u>	<u>401,879</u>
Net Income for the period	834,313	410,499
Closing Balance	<u>1,646,691</u>	<u>812,378</u>

GREENLAM AMERICA INC.

Statement of Cash Flows

(For the year ended 31st March, 2019)

		(US \$)	
	March 2019		March 2018
Cash Flow from Operating Activities			
Net Income	834,313		410,499
Changes in Assets and Liabilities			
Increase in Accounts Receivables	(179,666)	(373,105)	
Refundable Fed Tax	18,347	(18,347)	
Income Tax Payable (State)	(19,121)	19,121	
Decrease/Increase in Prepaid Expenses	(11,834)	7,190	
Decrease in Vendor Deposit/Advances	(87,414)	-	
Increase/Decrease of Inventory	47,206	72,874	
Increase in Goods in Transit	55,147	8,057	
Increase /Decrease of Accounts Payable	(581,824)	(114,938)	
Decrease/Increase in Line of Credit	(275,000)	(165,000)	
Decrease/Increase in Accrued Liabilities	2,809	47,478	
Amortization of Goodwill	180,000	180,000	
Depreciation	14,130	19,818	
Provision (Income Tax)	-	(46,149)	
Customer deposit	(5,000)		
Decrease/Increase in Accrued Interest	1,190	(841,030)	(363,001)
	(6,717)		47,498
Cash Flow from Investing Activities			
Increase of Fixed Assets		(68,218)	
Disposal of Office Equipments	15,303	-	
Disposal of Furniture and Fixtures	29,433	-	
Accum Depreciation of Office Equipment	(13,827)	-	
Accum Depreciation of Furniture & Fixtures	(21,304)	9,605	(68,218)
Net Decrease in Cash	2,888		(20,720)
Cash at the beginning of the period	20,553		41,273
Cash at the end of the period	23,441		20,553

GREENLAM AMERICA INC.
SIGNIFICANT ACCOUNTING POLICIES AND NOTES
TO THE FINANACIAL STATEMENTS
(For the Year ended 31st March 2019)

Note 1: SIGNIFICANCE OF ACCOUNTING POLICIES

Disclosure of Accounting Policies:

Nature of Operations

The Company was incorporated under the laws of the State of Florida for the purpose of distributing decorative laminates of the highest quality for the office and home improvement, as well as the construction industry. Greenlam America Inc., is 100% owned by Greenlam Industries Limited which owns 100% share capital of "Greenlam America Inc."

Greenlam Industries Limited (GIL), is a \$161.18 Million Company as on March 31, 2018, with headquarters in Delhi, India, where it is established as India's Premier Interior Infrastructure Company.

Greenlam manufactures Decorative laminates, Compact Boards, Decorative Plywood, Engineered Wooden Flooring, Engineered Door, Door Leaf, Clad and allied products. It distributes laminates to an extensive dealer network spread all over the World. In addition, it owns this company (Greenlam America Inc.) and a Singapore subsidiary (Greenlam Asia Pacific PTE, Ltd)

Greenlam, the flagship decorative laminate brand from Greenlam Industries Limited, is one of India's fastest selling brands and currently it is being exported to more than 110 countries including Canada, USA, Mexico, Colombia, Peru, Salvador, Ecuador, Guatemala, Chile, UK, Germany, Switzerland, Italy, Netherlands, Poland, Turkey, Australia, New Zealand, Thailand, Indonesia, Taiwan, Hong Kong, China, Malaysia, Singapore, Dubai and Israel.

Revenue and Cost Recognition

The financial statements are prepared using US Generally Accepted Accounting Principles (GAAP), using the accrual method, which requires income to be recognized when earned and expenses when incurred.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America.

GREENLAM AMERICA INC.
SIGNIFICANT ACCOUNTING POLICIES AND NOTES
TO THE FINANACIAL STATEMENTS
(For the Year ended 31st March 2019)

Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

Valuation of Inventory

The company purchases most of its inventory from its parent company (Greenlam Industries Limited). Inventories are carried at the lower of cost and net realizable value. Inventory values are maintained using the "weighted average" method, under a perpetual system, where the cost is adjusted by item, as new units with different pricing are added to the inventory, and old units are sold, "weighted" cost changes.

Cash Flow Statement

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts of payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated. Cash and cash equivalents on the balance sheet typically comprise cash at bank.

Contingencies and Subsequent Events

Disclosure of contingencies as required by the accounting standard is furnished in the Notes on each account, where disclosure is needed.

Fixed Assets and Depreciation

Fixed Assets are shown on the balance sheet net of accumulated depreciation at Original Cost minus Depreciation (Book Value). Depreciation is provided for on Straight Line Method and Double declining Balance method is applied for Federal Income Tax Purposes.

Goodwill

In the year 2014, Corporation acquired Goodwill from Keystone Laminates Inc. for a total consideration of \$ 900,000 and the consideration is payable in 36 months. The Goodwill is shown on the balance sheet net of accumulated amortization at Original Cost minus Amortization (Book Value). Amortization is provided for on Straight Line Method (five years) for Federal Income Tax Purposes.

GREENLAM AMERICA INC.
SIGNIFICANT ACCOUNTING POLICIES AND NOTES
TO THE FINANACIAL STATEMENTS
(For the Year ended 31st March 2019)

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Accounting for Taxes on Income

The Company is responsible for Federal and State Income tax as a C corporation. For the year ended March 31, 2019, income tax is accounted for \$244,222.

Related Party Disclosures

Disclosure of related parties as required by the accounting standards is furnished in the Notes on Accounts.

Note 2: NOTES ON ACCOUNT

Accounts Receivable and Allowance for Doubtful Accounts

Accounts Receivable

The Company's credit policy with its customers typically varies from advance payments at the beginning of the commercial relationship, to 90 day terms based on the creditworthiness and payment experience. Receivables are insured through Euler Hermes Credit Insurance policy.

Allowance for Doubtful Accounts and Bad Debt

Management recognizes Bad Debts using the Allowance Method and assigning a risk probability percentage to every outstanding receivable amount.

Vendor Deposits

The Company has deposits outstanding with landlords, vendors for advance rents, utilities and other service companies such as delivery and freight as follows:

ADP	87,414
Adopt A plant leasing Company	129
Crystal Springs	27
Hines VAF II Doral	8,413
James A. Rodriguez	<u>5,200</u>
	<u>101,183</u>

GREENLAM AMERICA INC.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

TO THE FINANACIAL STATEMENTS

(For the Year ended 31st March 2019)

Accounts Payable

The Company purchases most of its products from its parent Greenlam as needed, as such. The majority of amounts under Accounts Payable, besides Freight and other charges, at the end of this fiscal year were owed to Greenlam Industries Limited, with an outstanding payable of \$ 2,825.

Accrued Expenses

The Company accrues for utility bills and General Administrative expenses as invoices are received from these vendors. The company enters these bills as received from Vendors.

Bank Loans

Company has continued to have a facility of \$1.00 Million from Citi Bank NA at the rate of LIBOR+100 Basis points. Company utilized \$0.50 Million as on March 31, 2019. Line of Credit is Secured by \$1.00 Million Standby letter of Credit issued by Greenlam Industries Limited (Parent Company).

Long-term Commitments

The Company has following open agreement with landlord:

Type	Location	Date	Length	Monthly	Total
Office Lease	Miami	April 2019 - May 2019	2 Months	\$ 4,781	\$ 9,562
Warehouse Lease	PA	April 2019 - June 2019	3 Months	\$5,227	\$ 15,681

The Company has following five year agreement with following Parties:

Parties	Location	Date	Length	Monthly	Total
Keystone Laminates Inc. Consultancy	PA	April 2019 - June 2019	3 Months	\$ 11,433	\$ 34,300
Sonal Detroja Employment	PA	April 2019 - June 2019	3 Months	\$9,250	\$ 27,750

Capital Stock

As of March 31, 2019, shares subscribed and paid up were:

Number	Type	Par Value	Total value
1,600,000	Common	\$ 1.00	\$ 1,600,000

GREENLAM AMERICA INC

Schedules forming part of the Accounts

(As at 31st March, 2019)

		(US\$)	
		<i>March 2019</i>	<i>March 2018</i>
A	Cash and Bank		
	Citi Bank NA.	23,071	20,533
	Cash in Hand	370	19
		<u>23,441</u>	<u>20,553</u>
B	Accounts Receivables		
	Total Debtors	2,740,884	2,561,218
	Less-Provisions for Doubtful Debts	-	-
		<u>2,740,884</u>	<u>2,561,218</u>
C	Prepaid Expenses		
	Credit Insurance	9,766	5,005
	Marine Insurance	7,295	-
	General Liability Insurance	-	223
		<u>17,061</u>	<u>5,228</u>
D	Federal Tax		
	Federal Tax (Refundable)	-	18,347
		<u>-</u>	<u>18,347</u>
E	Vendor Deposit		
	ADP	87,414	
	Crystal Springs	27	27
	Hines VAF II Doral, L.P.	8,413	8,413
	James A. Rodriguez	5,200	5,200
	Adopt A Plant	129	129
F		<u>101,183</u>	<u>13,769</u>
	Goods in Transit		
	Goods in Transit	343,932	399,078
G		<u>343,932</u>	<u>399,078</u>
	Inventory		
	Pennsylvania WH	578,896	596,685
	Best ply Supplies, Miami	-	29,417
	Others	-	-
		<u>578,896</u>	<u>626,102</u>

The accompanying reports and notes are integral parts of these statements

GREENLAM AMERICA, INC.

Schedules forming part of the Accounts

(As at 31st March, 2019)

H

Fixed Assets

Assets	Depr Method	Years	Original cost	Additions during the year	Disposal prior periods	Cost as at 31 March 2019	Accumulated Depreciation till March 31 2018	Depreciation for the year	Depreciation on Disposals for the period	Accum Depr at 31 March 2019	Carrying Value
Office Equipment	SL	5	23,410	-	16,627	6,783	18,925	1,395	13,827	6,493	290
Furniture & Fixtures	SL	7	74,436	-	28,109	46,327	50,510	5,785	21,304	34,991	11,336
Warehouse Equip & Fixt	SL	7	96,365	-	-	96,365	22,456	6,950	-	29,406	66,959
Total			194,211	-	44,736	149,475	91,891	14,130	35,131	70,890	78,585

I

Goodwill

Assets	Amortization Method	Years	Original cost	Additions during the year	Cost as at 31 March 2018	Accumulated Amortization till March 31 2018	Amortization for the year	Accumulated Amortization at 31 March 2019	Carrying Value
Goodwill	SL	5	900,000	-	900,000	720,000	180,000	900,000	-
Total			900,000	-	900,000	720,000	180,000	900,000	-

GREENLAM AMERICA INC

Schedules forming part of the Accounts

(As at 31st March, 2019)

		(US\$)
	<i>March 2019</i>	<i>March 2018</i>
J	Accounts Payable	
	Greenlam Industries Limited, Holding Company	597,294
	Other Payables	29,405
	44,875	626,699
K	Accrued Expenses and Provisions	
	Freight and Duties	54,459
	Bonus and Commission	17,856
	Telephone	2,000
	Travelling	2,600
	Office rent	-
	Postage	-
	Sales Promotion	11,502
	Repairs and Maintenance (Warehouse)	-
	91,226	88,417
L	Accrued Interest	
	Citi Bank NA.	-
	1,190	-
M	Provision for Income taxes	
	State Income Tax (Payable)	19,121
	-	19,121
N	Customer Deposit	
	Produits Forestiers Inc. CJP	5,000
	-	5,000
O	Loans and Advances	
	Citi Bank NA (A/C 3300174266)	775,000
	Citi Bank NA (A/C 3300173872)	-
	500,000	775,000
P	Capital Stock	
	Issued Subscribed and Paid up	1,600,000
	1,600,000	1,600,000
Q	Retained Earnings	
	Opening Balance as of 1st April	401,879
	Net Income for the Year	410,499
	Balance as on 31st March	812,378