

**CONTENTS**

**INDEPENDENT AUDITORS' REPORT**

**CONSOLIDATED FINANCIAL STATEMENTS**

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY

CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED SCHEDULE OF OPERATING EXPENSES

**INDEPENDENT AUDITOR'S REPORT****To the Board of Directors of LT Overseas North America Inc.****Report on the Audit of the special purpose consolidated financial statements****Opinion**

We have audited the special purpose consolidated financial statements of LT Overseas North America Inc. (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and a joint venture which comprise the consolidated balance sheet as at March 31, 2023, and the consolidated statement of income, consolidated statement of stockholder's equity and the consolidated cash flow statement for the year then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the special purpose consolidated financial statements")

In our opinion and to the best of our information and according to the explanation given to us, and based on consideration of report of the other auditor on separate standalone financial statements and on the other financial information of subsidiaries and joint venture, the aforesaid special purpose consolidated financial statements have been prepared in accordance with recognition and measurement principles as per the accounting principles generally accepted in the United States of America, and give a true and fair view of their consolidated state of affairs of the Group, as at March 31, 2023, of consolidated income, consolidated stockholder's equity and its consolidated cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the special purpose consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements, that are relevant to our audit of the special purpose consolidated financial statements in India and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other Matters**

- a. We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of USD 8,17,28,620 as at March 31, 2023, total revenues of USD 11,41,97,336 and net cash outflows amounting to USD 2,26,207 for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of USD 39,42,346 for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of a Joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and Joint venture, and our report, in so far as it





relates to the aforesaid subsidiaries, and joint venture, is based solely on the reports of the other auditors.

- b. We did not audit the financial statements of a subsidiary, incorporated outside USA, whose financial statements reflect total assets of USD 1,36,22,396 as at March 31, 2023, total revenue of USD 1,42,53,754, total net profit after tax of USD 6,44,495 and net cash inflows of USD 1,03,038 for the year ended on that date, as considered in the consolidated financial statements. The financial statements of these subsidiaries have been prepared in accordance with accounting principles generally accepted in India, and which have been audited by other auditors under the standards of auditing applicable in India. The Holding Company's management has converted the financial statements of such subsidiary from accounting principles generally accepted in India to accounting principles generally accepted in United States of America. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, is based on the audit reports of such other auditors as furnished to us by the management and the conversion adjustments prepared by the management of the Holding Company which have been audited by us.

Our opinion on the special purpose consolidated financial statements is not modified in respect of above matters.

#### **Responsibilities of Management and Those charged with Governance for the Special Purpose Financial Statements**

The Holding Company's management is responsible for the preparation and fair presentation of these special purpose consolidated financial statements that give a true and fair view in accordance with accounting principles generally accepted in the United States of America, and for such internal control as Holding Company's management determines is necessary to enable the preparation of the special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose consolidated financial statements, the Holding Company's management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Holding Company's those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the special purpose consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the special purpose 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 a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the special purpose consolidated financial statements.



BDO India LLP, an Indian limited liability partnership firm, with LLP Identity No. AAB 7880, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Regd. Office: The Ruby, Level 9, North West Wing, Senapati Bapat Marg, Dadar (W), Mumbai 400028, INDIA



#### Restriction of Use

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the loan agreement between Cooperative RaboBank U.A. as term loan lender, Cooperative RaboBank U.A., New York Branch as revolving credit lender, Holding Company and Subsidiary Companies of Holding Company (hereinafter referred as "loan agreement"). This report is addressed to and provided to the Board of Directors of the Holding Company solely for the purpose of enabling it to comply with the obligations under the loan agreement referred above to submit the accompanying special purpose consolidated financial statements to Cooperative RaboBank U.A. New York Branch and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hand it may come without our prior consent in writing.

For BDO India LLP

*BDO India LLP*

Place: Gurugram

Date: 12/08/2023

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS OF LT OVERSEAS NORTH AMERICA INC.**

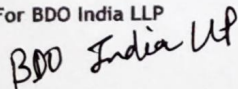
**Auditor's Responsibilities for the Audit of the special purpose consolidated financial statements**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For BDO India LLP



Place: Gurugram

Date: 12/08/2023

**LT Overseas North America, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
**(All amounts are in USD unless otherwise stated)**

	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	20,61,939	14,27,711
Accounts receivable, net (allowance for doubtful accounts of \$ 428,493 and \$ 559,656 as of March 31, 2023 and March 31, 2022 respectively)	5,51,40,185	4,43,10,474
Inventories	8,49,25,898	6,86,47,017
Advances to vendors	30,48,948	39,48,919
Advances to related parties	1,77,57,776	2,02,80,588
Prepaid expenses and other current assets	32,50,109	33,02,268
<b>TOTAL CURRENT ASSETS</b>	<b>16,61,84,855</b>	<b>14,19,16,977</b>
<b>NON-CURRENT ASSETS</b>		
Property And Equipment, Net	2,43,36,915	2,39,49,594
Operating lease right-of-use assets	3,06,21,604	3,08,67,460
Capital Work-In-Progress	13,12,666	12,84,087
<b>Intangibles</b>		
Goodwill	35,23,547	35,23,547
Trademarks	71,24,936	71,24,936
Copyrights	4,47,095	4,47,095
Non compete rights	33,72,579	33,72,579
Distributor network	20,00,000	20,00,000
Other intangible assets	4,94,978	-
Less; Accumulated amortization	(64,37,276)	(62,77,601)
<b>Total intangibles, net</b>	<b>1,05,25,859</b>	<b>1,01,90,556</b>
<b>Other assets</b>		
Equity method investments	1,20,92,346	-
Security deposits and other assets	15,51,984	15,65,367
Deferred tax assets	2,82,713	11,09,658
<b>Total other assets</b>	<b>1,39,27,043</b>	<b>26,75,025</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>8,07,24,087</b>	<b>6,89,66,722</b>
<b>TOTAL ASSETS</b>	<b>24,69,08,942</b>	<b>21,08,83,699</b>

**LT Overseas North America, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
**(All amounts are in USD unless otherwise stated)**

	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long term loan payable to bank	45,22,420	19,20,000
Bank line of credit	3,73,49,015	2,89,05,071
Current portion of bank equipment loan	-	10,70,978
Accounts payable	1,69,29,992	89,60,076
Operating lease liabilities	49,60,195	50,95,264
Contract liabilities	8,48,753	8,67,163
Income tax payable	12,73,708	20,82,670
Accrued expenses & other payables	33,45,889	55,70,296
Payable to related party	80,82,898	71,04,762
Payable to related party for inventories in transit	2,01,88,816	2,57,97,257
<b>TOTAL CURRENT LIABILITIES</b>	<b>9,75,01,686</b>	<b>8,73,73,537</b>
<b>LONG - TERM LIABILITIES</b>		
Loan payable to bank, net of debt issuance cost	2,68,45,452	1,72,80,000
Bank equipment loan, net	-	33,16,948
Long-term operating lease liabilities	2,71,63,407	2,70,65,385
Deferred tax liabilities	2,05,958	68,837
<b>TOTAL LONG - TERM LIABILITIES</b>	<b>5,42,14,817</b>	<b>4,77,31,170</b>
<b>TOTAL LIABILITIES</b>	<b>15,17,16,503</b>	<b>13,51,04,707</b>
Commitments and Contingencies (Note 12)		
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, no par value, 1,000,000 shares authorized; 338,500 shares issued and outstanding (338,500 shares March 31, 2022)	47,70,000	47,70,000
Additional paid-in capital	20,00,000	20,00,000
Retained earnings	8,84,22,439	6,90,08,992
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>9,51,92,439</b>	<b>7,57,78,992</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>24,69,08,942</b>	<b>21,08,83,699</b>

See accompanying notes to consolidated financial statements

**LT Overseas North America, Inc. and Subsidiaries**  
**Consolidated Statement of Comprehensive Incomes**  
**(All amounts are in USD unless otherwise stated)**

	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
<b>SALES</b>		
Gross sales	43,13,10,681	33,41,47,855
Less: Sales returns and discounts	(1,24,59,486)	(96,74,682)
<b>NET SALES</b>	<b>41,88,51,195</b>	<b>32,44,73,173</b>
<b>LESS: COST OF GOODS SOLD</b>		
Beginning inventory	6,86,47,017	6,09,87,826
Purchases, net of discount	31,04,41,835	23,35,93,913
Other direct costs	5,81,19,615	3,79,92,012
Ending inventory	(8,49,25,898)	(6,86,47,017)
<b>TOTAL COST OF GOODS SOLD</b>	<b>35,22,82,569</b>	<b>26,39,26,734</b>
<b>GROSS PROFIT</b>	<b>6,65,68,626</b>	<b>6,05,46,439</b>
<b>LESS: OPERATING EXPENSES</b>	(4,34,79,291)	(3,83,14,225)
<b>INCOME FROM OPERATIONS</b>	2,30,89,335	2,22,32,214
<b>ADD: OTHER INCOME (EXPENSE)</b>		
Interest expense	(25,41,577)	(16,04,822)
Interest income	67,300	-
Miscellaneous income	29,71,936	14,82,298
<b>OTHER INCOME (EXPENSE), NET</b>	<b>4,97,659</b>	<b>(1,22,524)</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>2,35,86,994</b>	<b>2,21,09,690</b>
Less: Income tax expense, net	(64,69,312)	(61,25,136)
Add: Equity method investment net earnings	39,32,346	-
<b>NET INCOME</b>	<b>2,10,50,028</b>	<b>1,59,84,554</b>

See accompanying notes to consolidated financial statements



**LT Overseas North America, Inc. and Subsidiaries**  
**Consolidated Statements of Stockholder's Equity**  
**(All amounts are in USD unless otherwise stated)**

	Common Stock		Additional Paid in Capital	Retained Earnings	Accumulated Other Compre-hensive Income	Total
	Shares	Amount				
<b>Balance at March 31, 2021</b>	3,38,500	47,70,000	20,00,000	5,61,44,833	27,35,982	6,56,50,815
Distribution of dividend	-	-	-	(12,35,729)	-	(12,35,729)
Foreign currency translation adjustments	-	-	-	-	(36,34,598)	(36,34,598)
Lease adjustment	-	-	-	(9,86,050)	-	(9,86,050)
Net income during the period	-	-	-	1,59,84,554	-	1,59,84,554
<b>Balance at March 31, 2022</b>	<b>3,38,500</b>	<b>47,70,000</b>	<b>20,00,000</b>	<b>6,99,07,608</b>	<b>(8,98,616)</b>	<b>7,57,78,992</b>
Distribution of dividend	-	-	-	(14,33,629)	-	(14,33,629)
Foreign currency translation adjustments	-	-	-	-	(2,02,952)	(2,02,952)
Net income during the period	-	-	-	2,10,50,028	-	2,10,50,028
<b>Balance at March 31, 2023</b>	<b>3,38,500</b>	<b>47,70,000</b>	<b>20,00,000</b>	<b>8,95,24,007</b>	<b>(11,01,568)</b>	<b>9,51,92,439</b>

See accompanying notes to consolidated financial statements

**LT Overseas North America, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**(All amounts are in USD unless otherwise stated)**

<b>Particulars</b>	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
<b>Cash flow from operating activities:</b>		
Net income	2,10,50,028	1,59,84,554
<b>Adjustments to reconcile net income to net cash used in operating activities:</b>		
Depreciation & amortization	75,35,852	73,22,493
Deferred income taxes	9,64,066	9,89,042
Interest income	(67,300)	-
Equity method investment net earnings	(39,32,346)	-
Interest expense	34,90,285	25,32,110
SBA loan waiver	-	(13,29,705)
Allowance for doubtful accounts	2,07,000	-
<b>(Increase) decrease in assets:</b>		
Accounts receivable	(1,10,36,711)	(20,45,875)
Advances to vendors	8,99,971	(1,95,552)
Inventories	(1,62,78,881)	(76,59,192)
Prepaid expenses and other current assets	1,19,459	(12,22,312)
Advances to related parties	25,22,812	(2,05,105)
Security deposits and other assets	13,383	(9,50,441)
<b>Increase (decrease) in liabilities:</b>		
Accounts payable	79,69,916	10,31,504
Income taxes payable	(8,08,962)	(1,93,553)
Accrued expenses & other payables	(22,24,407)	20,23,958
Contract liabilities	(18,410)	(9,45,964)
Payable to related party	(46,30,305)	1,25,52,567
Deferred rent	-	(7,93,422)
<b>Net cash provided by operating activities</b>	<b>57,75,450</b>	<b>2,68,95,107</b>
<b>Cash flow from investing activities:</b>		
Payment for purchase of property and equipment including capital work-in-progress	(36,02,119)	(35,86,319)
Investment in JV	(81,60,000)	-
<b>Net cash used in investing activities</b>	<b>(1,17,62,119)</b>	<b>(35,86,319)</b>
<b>Cash flow from financing activities:</b>		
Repayments of bank loan	1,21,67,872	(21,90,000)
(Repayments)/Proceeds of bank line of credit	84,43,944	(75,46,854)
Repayments of bank equipment loan	(43,87,926)	(13,29,041)
Payment of rent expense	(54,24,835)	(52,72,793)
Payment of interest	(25,41,577)	(13,56,629)
Payment of dividend	(14,33,629)	(12,35,729)
<b>Net cash (used in)/provided by financing activities</b>	<b>68,23,849</b>	<b>(1,89,31,046)</b>
Net increase (decrease) in cash and cash equivalents	8,37,180	43,77,742
Cash and cash equivalents, beginning	14,27,711	6,84,567
Effects of changes in foreign exchange rate	(2,02,952)	(36,34,598)
<b>Cash and cash equivalents, end</b>	<b>20,61,939</b>	<b>14,27,711</b>

See accompanying notes to consolidated financial statements

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2023**  
**All amounts are in USD unless otherwise stated**

**1. Nature of Operations**

LT Overseas North America, Inc. (LTONA or the "Company") was incorporated in California on November 2, 2007. LTONA is a wholly owned subsidiary of LT Foods Limited, India, the parent company. The Company and its subsidiaries described below are collectively referred to as the "Group".

In 2007, LTONA purchased 100% outstanding stocks of LT Foods Americas, Inc. (formerly known as Kusha, Inc.) ("LTFA"), a California Corporation incorporated in November 1992. In November 2016, Kusha, Inc. permanently changed its name to LT Foods Americas, Inc. The Company is an importer and distributor of rice, grape seed oil, tea and other packaged grocery items. Its area of distribution is dispersed geographically throughout the United States and includes area of Canada.

In September 2010, LTONA formed LT Foods USA LLC, a partnership in Texas and is engaged in real estate renting.

In July 2012, Universal Traders, Inc. was incorporated in the state of California. Concurrently, Universal Traders, Inc. issued 10,000 shares of its 1,000,000 authorized one class of shares of stock at no par value to LTONA for \$10,000. This corporation is engaged in importing and supplying products to LT Foods Americas, Inc. exclusively. However, the Company has dissolved Universal Traders Inc. with effect from August 28, 2020.

In February 2014, LTONA formed Ecolife, LLC, single member LLC in California to engage in importing and distributing of organic products. Ecolife, LLC has not started its operations.

On September 20, 2019, LTONA entered into share purchase agreement with its parent company to acquire all shares of LT Foods International Limited, UK company, wholly owned subsidiary of the parent company. LT Foods International Limited has LT Foods Europe BV (Netherlands) ("LTFE"), as its wholly owned subsidiary.

On 28 June 2022, LTFA acquired 51% stake in Golden Star Trading, Inc. along with its brand with a call option to further acquire 49% stake at the end of three years. Golden Star Trading Inc. is under joint control of LTFA and its promoters.

**2. Summary of Significant Accounting Policies**

**Basis of Preparation and Consolidation**

These special purpose consolidated financial statements have been prepared by the management pursuant to meeting its responsibilities in relation to your compliance with the loan agreement between Cooperative RaboBank U.A. as term loan lender, Cooperative RaboBank U.A., New York Branch as revolving credit lender, Holding Company and Subsidiary Companies of Holding Company

The special purpose consolidated financial statements include the accounts of LT Overseas North America, Inc., its direct and indirectly owned subsidiaries, and a joint venture:

LT Foods Americas, Inc. (formerly known as Kusha, Inc.)  
LT Foods USA, LLC  
LT Foods International Limited  
LT Foods Europe BV  
Golden Star Trading, Inc. with joint venture of 51%

All inter-company balances and transactions have been eliminated.

These special purpose consolidated financial statements have been prepared in accordance with recognition and measurement principles as per the accounting principles generally accepted in the United States of America (U.S. GAAP).

The noncontrolling interest represents the noncontrolling investors' interests in the results of subsidiaries that we control and consolidate. We account for investments over which we exercise significant influence under the equity method of accounting. Investments over which we do not have significant influence or control are not material and as there is no readily determinable fair value for the equity interests, these investments are carried at cost with changes in the investments recognized to the extent cash is received.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amount reported in the consolidated financial statement and accompanying notes. Estimates are made for, but not limited to the accounting for provision for doubtful accounts, depreciation and amortization, taxes and contingencies. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Group considers all highly liquid investments and deposits with an original maturity of three months or less.

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2023**  
**All amounts are in USD unless otherwise stated**

**Accounts Receivable**

Allowance for doubtful accounts is maintained with respect to accounts determined to be uncollectible in the current period. Management determines the allowance for doubtful accounts based upon historical experience and assessment of the collectibility of existing specific accounts. Accounts are written off against the allowance when they are deemed uncollectible.

**Revenue Recognition**

The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product to a customer. Net sales include revenue from the sale of finished goods, net of allowances for trade promotions, consumer coupon programs and other sales incentives, and allowances and discounts associated with aged or potentially unsaleable products. Trade promotions and sales incentives primarily include reduced price features, merchandising displays and sales growth incentives.

**Inventories**

Inventories are stated at lower of cost (weighted average method) or net realisable value. Cost includes both direct and other costs that are incurred to bring the inventory to its present condition and location. Other costs include freight, customs, examination fees and other direct costs.

**Income Taxes**

The Group accounts for income taxes in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740- Income Taxes, which requires an asset and liability approach to financial accounting and reporting of income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

Based on its current evaluation, the Group has concluded there are no significant uncertain tax positions requiring recognition in the Group's consolidated financial statements.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is recorded using the straight- line method over the estimated useful lives of the respective assets as follows:

Building	39 & 1/2 years
Furniture and fixtures	5 - 10 years
Office and computer equipment	5 years
Leasehold improvements	lower of the estimated life or remaining lease term
Warehouse equipment	5 years
Vehicle	5 years

Expenditures for repairs and maintenance are charged to expense when incurred. Additions, major renewals and replacements that increase the property's useful life are capitalized.

**Impairment of Long-Lived Assets**

The Group is required, under current accounting standards to review the carrying value of its long-lived assets, whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. As of March 31, 2023, management has determined that no impairment exists. Accordingly, no adjustments have been made to the carrying values of long-lived assets.

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2023**  
**All amounts are in USD unless otherwise stated**

**Goodwill and Other Intangible Assets**

Under FASB ASC 350 – Intangibles Goodwill and Other, the excess over the fair value of identifiable net assets obtained in business acquisitions is carried at cost. Such goodwill is tested for impairment at least annually, or more frequently upon the occurrence of an event or when circumstances indicate that a “reporting unit” carrying amount is greater than its fair value. The Company uses a single quantitative step when determining the subsequent measurement of goodwill by comparing the fair value of a reporting unit with its carrying amount and recording an impairment charge for the amount that the carrying amount exceeds the fair value, up to the total amount of goodwill allocated to that reporting unit. . As of March 31, 2023, no impairment of goodwill has occurred.

Other intangible assets consist of trademarks, non-compete rights, copyrights and distributor network, which were acquired in business acquisitions. Non-compete rights, copyrights and distributor network were being amortized on a straight-line basis over their estimated useful lives of 5-10 years, 7 years and 15 years respectively. Non-compete rights and distribution network of the Company are fully amortized as of March 31, 2021. Amortization expense for the years ended March 31, 2023 and March 31, 2022 were approximately \$159,675 and \$184,414 respectively.

**Loan Cost**

The FASB issued ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs. The guidance requires debt issuance costs related to a recognized debt liability be reported on the balance sheet as a direct deduction from the carrying amount of that debt liability.

**Foreign Currency**

*Foreign Translation Adjustment*

The Group's other comprehensive income consists of foreign currency translation adjustments from those subsidiaries not using the U.S. dollar as their functional currency.

All assets and liabilities are translated using the exchange rate on the date of the balance sheet. Revenues, expenses, and net income are translated using the average exchange rate during the period. The foreign exchange adjustment that results from these translations appears in other comprehensive income.

*Foreign Exchange Gain and Loss*

Transaction gain and losses are included in net income which results from transactions denominated in a currency other than an its functional currency.

**Compensated Absences**

Employees of the Group are entitled to paid vacation and paid sick days depending on length of service and other factors. Vacation and paid sick days are expensed and are not carried forward the following year, therefore, no accrual is recognized in the special purpose consolidated financial statements.

**Shipping and Handling**

Amounts billed to customers related to shipping and handling are included in sales. During the years ended March 31, 2023 and 2022, shipping and handling costs were approximately \$5770,269 and \$3,448,307, respectively.

**Advertising Cost**

The Group follows the policy of charging the cost of advertising to expense as incurred.

**Leases**

We determine whether a contract is or contains a lease at contract inception. For short-term operating leases with terms of 12 months or less, we do not recognize right-of-use (“ROU”) assets and lease liabilities. ROU assets are recognized at commencement date at the value of the lease liability, adjusted for any prepayments, lease incentives received and initial direct costs incurred. Lease liabilities are recognized at commencement date based on the present value of remaining lease payments over the lease term. As the implicit interest rate in the lease is not readily determinable, we use our country-specific incremental borrowing rate to discount the lease liabilities.

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2023**  
**All amounts are in USD unless otherwise stated**

**Equity Method Investments**

Equity method investments consist of our investments in entities in which we maintain an equity ownership interest and apply the equity method of accounting due to our ability to exert significant influence over decisions relating to their operating and financial affairs. Revenue and expenses of our equity method investees are not consolidated into our financial statements; rather, our proportionate share of the earnings of each investee is reflected as equity method investment net earnings. The carrying values of our equity method investments are also impacted by our proportionate share of items impacting the investee's accumulated other comprehensive income or losses and other items, such as our share of investee dividends.

**Subsequent Events**

Management evaluated all activity of the Group through May 12, 2023 (the issuance date of the special purpose consolidated financial statements). The management concluded that there were no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the related notes to the consolidated financial statements.

**3. Reclassification**

Certain reclassifications have been made in the special purpose consolidated financial statements of prior period to conform to the classification used in the current period. These changes have no impact on previously reported consolidated net income or consolidated stockholder's equity of the Group.

**4. Major Customers and Suppliers**

Four customers combined, make up a total of approximately 50% and 48%, respectively, of the Group's total sales for the years ended March 31, 2023 and 2022. As at March 31, 2023 and 2022, approximately 38% and 35%, respectively, of the Group's accounts receivables were owed from these customers, thereby increasing the level of credit risk due to the concentration of accounts receivable. See Note 5 Risk.

Four major suppliers, including related parties, make up a total of approximately 75% and 74% of the Group's total purchases for the years ended March 31, 2023 and 2022. As at March 31, 2023 and 2022, these related parties has majorly advance outstanding to the group.

**5. Risks**

In the normal course of business, the Group maintains its cash balances in a financial institution, which at times may exceed federally insured limits. The Group has not experienced any losses in such account and believes it is not subject to any significant credit risk as all its deposits are maintained in a high credit quality financial institution.

The Group is also subject to credit risks through accounts receivable as these are unsecured. Additionally, substantial portion of the accounts receivable is with major customers. However, credit risk on accounts receivable is minimized because of the client base being large national companies and businesses with good receivable collection histories.

The Company may be exposed to currency risk which is the potential risk of loss from fluctuating foreign exchange rates related to its foreign transactions and foreign operations.

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2023**  
**All amounts are in USD unless otherwise Stated**

**6 Inventories**

Inventories consisted of the following:

	<u>As at</u> <u>March 31, 2023</u>	<u>As at</u> <u>March 31, 2022</u>
Rice	5,07,08,238	2,38,39,703
Grape seed oil	10,53,004	4,81,724
Beans, lentils and others	5,53,558	3,54,583
Ready to heat products	23,26,472	16,04,033
Other packaged items	13,69,763	86,098
Packaging materials	41,42,573	34,76,399
Subtotal	<u>6,01,53,608</u>	<u>2,98,42,540</u>
Inventories in transit	<u>2,47,72,290</u>	<u>3,88,04,477</u>
Total	<u><u>8,49,25,898</u></u>	<u><u>6,86,47,017</u></u>

The inventories in transit costs includes purchase price only.

**7 Property and Equipment**

Property and equipment consisted of the following:

	<u>As at</u> <u>March 31, 2023</u>	<u>As at</u> <u>March 31, 2022</u>
Land	15,34,755	15,34,755
Building	50,30,245	50,30,245
Furniture and fixtures	5,88,757	5,88,757
Office and computer equipment	10,91,600	5,96,173
Leasehold improvements	36,55,169	26,87,130
Vehicle	5,04,064	
Warehouse equipment	<u>2,76,15,093</u>	<u>2,65,62,822</u>
Gross block	4,00,19,683	3,69,99,882
Less: accumulated depreciation	<u>(1,56,82,768)</u>	<u>(1,30,50,288)</u>
Net	<u><u>2,43,36,915</u></u>	<u><u>2,39,49,594</u></u>

Depreciation expense for the years ended March 31, 2023 and 2022 were approximately \$2,850,917 and \$2,918,043, of which \$822,320 and \$900,881, respectively, were part of cost of goods sold.

**8 Goodwill**

The carrying value of goodwill is allocated to reporting units is as follows:

<b>Reporting units:</b>	<u>As at</u> <u>March 31, 2023</u>	<u>As at</u> <u>March 31, 2022</u>
United States of America	33,00,000	33,00,000
United Kindom	<u>10,608</u>	<u>42,543</u>
Ending balance	<u><u>33,10,608</u></u>	<u><u>33,42,543</u></u>

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2023**  
**All amounts are in USD unless otherwise stated**

**9 Related Party Transactions**

Purchases from affiliates during the years ended March 31, 2023 and 2022 are summarized as follows:

Name of affiliate	Year ended March 31, 2023		Year ended March 31, 2022	
	Purchases	%ge	Purchases	%ge
LT Foods Limited, India (Parent Company)	12,92,00,055	38	7,40,87,526	31
Dawaat Foods Limited - subsidiary of parent company	7,61,06,667	23	5,02,01,388	21
Ragunathan Agro Industries Ltd. - subsidiary of parent company	1,73,08,694	5	1,73,77,069	7
Nature Bio-Foods Ltd. - subsidiary of parent company	91,09,480	3	42,06,925	2
Nature Bio Foods BV - fellow subsidiary	30,93,224	1	81,396	0
Deva Singh Sham Singh Exports Private Limited subsidiary of parent company	0	0	64,01,021	3
Ecopure Specialties Limited - fellow subsidiary	64,88,233	2	85,27,536	4
	<u>24,13,06,353</u>		<u>16,08,82,861</u>	

Sales to affiliates during the years ended March 31, 2023 and 2022 are summarized as follows:

	Year ended March 31, 2023		Year ended March 31, 2022	
	Sale	%ge	Purchases	%ge
LT Foods Limited, India (Parent Company)	-	0.00%	7,773	0.01%
Nature Bio Foods BV - fellow subsidiary	24,021	0.02%	3,07,308	0.34%
	<u>24,43,368</u>		<u>-</u>	
	<u>24,43,368</u>		<u>-</u>	

Summaries of advances to related parties as of March 31, 2023 and 2022 are as follows:

Name of affiliate	As at March 31, 2023	As at March 31, 2022
Dawaat Foods Limited	76,83,118	1,00,27,586
LT Foods Middle East (step down subsidiary of parent company)	-	21,36,558
LT Foods Limited, India	85,10,554	66,56,615
Nature Bio-Foods Ltd.	43,141	7,58,491
Nature Bio Foods Inc	4,294	-
Nature Bio Foods BV	2,670	998
Deva Singh Sham Singh Exports Private Limited	-	-
Ecopure Specialties Limited (step down subsidiary of parent company)	-	7,00,340
Ragunathan Agro Industries Ltd	15,14,000	-
	<u>1,77,57,777</u>	<u>2,02,80,588</u>

Summaries of payable to related party as of March 31, 2023 and 2022 are as follows:

Name of affiliate	As at March 31, 2023	As at March 31, 2022
Ragunathan Agro Industries Ltd	-	6,53,786
Ecopure Specialties Limited	52,341	-
Nature Bio-Foods Ltd.	8,984	-
Nature Bio Foods BV	11,417	-
Nature Bio Foods Inc	-	19,668
LT Foods Limited, India	18,58,137	43,89,157
Dawaat Foods Limited	28,48,266	20,61,819
Golden Star Trading, Inc	33,03,753	-
	<u>80,82,898</u>	<u>71,24,430</u>

Summaries of payable to related party for inventories in transit as of March 31, 2023 and 2022 are as follows:

Name of affiliate	As at March 31, 2023	As at March 31, 2022
LT Foods Limited, India	1,18,65,005	1,53,88,081
Dawaat Foods Limited	73,93,903	65,20,832
Ragunathan Agro Industries Ltd.	18,00,994	19,63,706
Nature Bio-Foods Ltd.	19,93,499	5,04,759
Deva Singh Sham Singh Exports Private Limited	-	-
Ecopure Specialties Limited	28,385	14,19,879
	<u>2,30,81,786</u>	<u>2,57,97,257</u>

**Investments in Joint Venture**

	As at March 31, 2023	As at March 31, 2022
Investments in Joint Venture at Cost*	81,60,000	-
<b>Total Fair value of investments</b>	<u>81,60,000</u>	<u>-</u>

\*On 28 June 2022, LTFA acquired 51% stake for \$8,160,000 in Golden Star Trading, Inc, along with its brand with a call option to further acquire 49% stake at the end of three years. Golden Star Trading Inc, is under joint control of LTFA and its promoters.



**LT Overseas North America, Inc. and Subsidiaries****Notes to Consolidated Financial Statements for the year ended March 31, 2023**

All amounts are in USD unless otherwise stated

**10 Income Taxes**

Components of income tax expense (benefit) relating to earnings from operations for the years ended March 31, 2023 and March 31, 2022 are as follows:

	<b>Year ended March 31, 2023</b>		
	<b>Current</b>	<b>Deferred</b>	<b>Total</b>
Federal	37,12,277	4,97,369	42,09,646
State	16,67,122	(43,246)	16,23,876
Foreign	-	6,35,788	6,35,788
<b>Total</b>	<b>53,79,399</b>	<b>10,89,911</b>	<b>64,69,310</b>

	<b>Year ended March 31, 2022</b>		
	<b>Current</b>	<b>Deferred</b>	<b>Total</b>
Federal	37,21,430	5,60,597	42,82,027
State	14,14,664	2,10,550	16,25,214
Foreign	-	2,17,895	2,17,895
<b>Total</b>	<b>51,36,094</b>	<b>9,89,042</b>	<b>61,25,136</b>

**Significant components of deferred tax assets and liabilities are as follows:**

<b>Deferred tax assets</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Allowance for bad debt	1,34,677	1,15,798
State tax	(11,826)	3,30,059
Section 263A	2,14,004	1,16,119
Share in net losses in investment	-	-
Deferred tax assets - foreign subsidiary*	57,327	5,47,682
Depreciation & amortisation	1,70,674	-
Deferred rent	10,051	-
<b>Total</b>	<b>5,74,907</b>	<b>11,09,658</b>
Less: Valuation allowance		
	<b>5,74,907</b>	<b>11,09,658</b>
<b>Deferred tax liabilities</b>		
Depreciation & amortisation	4,98,152	68,837
	<b>4,98,152</b>	<b>68,837</b>

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2023**  
**All amounts are in USD unless otherwise stated**

**11 Revolving and Term Loans**

Rabobank on 18 March 2022 has renewed its credit facilities to LTFA and LTFE for term loan and revolving credit.

The term loan facility provided to LTFA amounts to \$20 million and the company has utilised \$19.20 million. Revolver credit facility offered to LTFA amounts to \$ 10 million. The rate of interest of revolving credit and term loan is SOFR +145 bps.

Term Loan and revolver credit facility provided and utilised by LTFE amounting Euro 10 million and Euro 19 million respectively. The rate of interest of revolving credit and term loan is EURIVOR+105 basis points.

Another 10 million credit facility was taken on April 06, 2022 of revolving credit and 15 million term loan was availed on August 23, 2022. The rate of interest of revolving credit and term loan is SOFR +145 bps. Revolving credit facility of 10 million was paid off during the year ended March31, ,2023.

On 1st February 2017, LTFE has entered into a pre-finance arrangement (financial lease) for Euros 7.3 Millions with De Lage Landen Financial services B.V. (DLL). The term of financial lease is 96 months. The lease amount can only be used for a rice-mill including silos and packaging equipment. The lease is secured by a lien on the asset. Later, this Loan was taken over by Rabo Bank and guarantee given by LT Foods Ltd was also revoked. Currently, the guarantee is given by LTFA. The rate of interest of term loan is 3.37% p.a.

**Detail of various loan commitments are as follows:**

**Term Loan:**

**Current and long-term portion of bank loans consisted of the following:**

	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Term Loan	3,13,67,872	1,92,00,000
Equipment finance obligation	-	43,87,926
	<u>3,13,67,872</u>	<u>2,35,87,926</u>
Less: current maturities	(45,22,420)	(29,90,978)
Long-term portion	<u>2,68,45,452</u>	<u>2,05,96,948</u>
Total long-term liabilities	<u><u>2,68,45,452</u></u>	<u><u>2,05,96,948</u></u>

**Principal repayments on bank loans over the next five years are as follows:**

Year ending March 31,	
2024	45,22,420
2025	45,56,529
2026	43,93,923
2027	34,20,000
2028 and thereafter	1,44,75,000
Total	<u><u>3,13,67,872</u></u>

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2023**  
**All amounts are in USD unless otherwise stated**

**12 Commitment and Contingencies**

**Operating Leases**

In January 2013, LTFA signed a lease agreement under a sixty-six and one-half months term that commenced in April 15, 2013 for its California office space and warehouse. In February 2018, the Group signed extension of lease term for five years.

In April 2019, the LTFA signed a lease agreement under a sixty-three-month lease term that commenced on June 01, 2019 for its warehouse in New Jersey. The Group also leases warehouse equipment, computers and furniture under a month to month operating lease agreement.

In October 2018, LTFA signed a lease agreement under a one hundred twenty months lease term that commenced on March 1, 2019 for additional warehouse facility in Cypress, CA.

In April 2022, LTFA signed a lease agreement with Speedway Property IV LLC under a lease term of eighty seven months commencing from the date of receipt of temporary occupancy certificate for the warehouse in South Carolina.

In September 2016, LTFE signed a lease agreement under a 120 months term that commenced from 1st January 2017, for its Rotterdam warehouse and office space. On September 2020, an addendum to the previous agreement was signed with increased lease rental. All other conditions remained the same w.r.t previous agreement

LTFE also leases warehouse equipment, computers and furniture under a month to month operating lease agreement. In September 2020, the company signed a lease agreement under eighty three months lease term that commenced on September 1, 2020 for additional warehouse facility in adjacent to existing warehouse and office space.

LTFE has taken some machines and commercial & non-commercial vehicles under three separate lease agreement varying from 48 to 66 months. These rentals start from Aug 2020; Oct 2020 & March 2021 resp with lease terms of 66, 64 and 48 months respectively. During present year, the company has taken some machines under lease agreement of 72

The total future minimum lease payments, over the remaining lease term relating to the Company's operating leases for each of the next 5 fiscal years and thereafter is as follows -

Year ending March 31,	
2024	59,99,983
2025	61,30,548
2026	62,38,982
2027	62,25,080
2028 and thereafter	1,10,71,847
Less: Imputed interest	<u>(35,42,839)</u>
Total	<u><u>3,21,23,602</u></u>

Operating lease cost for the year ended March 31, 2023 were amounting to \$5,357,770 forming part of other direct cost. The weighted-average remaining lease term of operating lease ranges from 6 - 7 years along with the weighted average discount rate ranges from 2.50% - 3.80%.

Also, Capital advance given pertaining to new lease obtained during the year ended amounts to \$529,682 standing as on March 31,2023.

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2023**  
**All amounts are in USD unless otherwise stated**

**13 Employee Benefit Plan**

**401 (k) Plan**

In January 2011, LTFA established a 401 (k) Plan. All employees who meet the age and length of service requirements are eligible to participate in the plan. For the years ended March 31, 2023, and March 31, 2022, LTFA contributed approximately \$251,813 and \$220,204, respectively, of which approximately \$49,116 and \$39,804, respectively, were part of cost of goods sold.

**Pension Plan**

The foreign subsidiary contributed approximately \$390,228 and \$401,265 for the year ended March 31, 2023 and March 31, 2022 respectively to its employee pension contribution.

**14 Interests in joint venture**

**Summarised Statement of Profit and Loss**

	<b>Year ended</b>
	<b>March 31, 2023</b>
Net Revenues	5,27,78,341
Gross Profit	1,79,52,369
Income from continuing operations	77,10,482
Net income	77,10,482
Net income attributable to shareowners of investee	37,78,136
Group ownership interests	51%
Equity method investment net earnings	39,32,346

**Summarised Balance Sheet**

	<b>As at</b>
	<b>March 31, 2023</b>
Current assets	1,40,71,208
Non-current assets	75,30,525
Total assets	2,16,01,733
Current liabilities	77,76,874
Non-Current liabilities	60,87,378
Total liabilities	1,38,64,252
Total Net equity of investee	77,37,482
Equity attributable to shareowners of investee	37,91,366
Equity attributable to noncontrolling interests	-
Group ownership interests	51%
Equity method investment net equity	39,46,116

**Investments in Joint Venture**

	<b>As at</b>
	<b>March 31, 2023</b>
Investments in Joint Venture at Cost	81,60,000
Equity method investment net earnings	39,32,346
<b>Total Fair value of investments</b>	<b>1,20,92,346</b>

**LT Overseas North America, Inc. and Subsidiaries**  
**Schedules of Consolidated Operating Expenses**  
**(All amounts are in USD unless otherwise stated)**

	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
Advertising	44,14,025	45,98,975
Automobile expense	2,83,222	2,73,706
Allowance for doubtful accounts	2,07,000	-
Bank charges	1,25,110	1,32,674
Bonus	10,36,677	9,87,945
Business gifts	4,11,579	4,94,867
Commission	27,66,067	17,71,896
Depreciation and amortization	20,28,597	37,83,711
Dues and subscriptions	7,11,069	3,82,464
Employee welfare	6,23,247	3,30,056
Foreign exchange loss (gain)	3,74,081	14,094
Freight delivery charges	4,24,671	1,42,337
General expenses	6,92,117	4,79,296
Insurance	17,04,106	13,89,842
401(k) expenses	2,02,697	1,80,400
Legal and professional	23,23,708	28,90,028
Office expense	11,18,473	8,48,443
Outside services	-	8,103
Payroll taxes	4,33,364	4,48,498
Penalties	70,669	53,468
Postage	1,14,707	1,51,905
Promotions	53,090	2,17,854
Rent	27,99,583	16,55,302
Repair & maintenance	5,72,106	3,05,750
Salaries, wages and bonuses	1,68,27,698	1,43,30,862
Taxes and licenses	7,45,296	8,34,798
Telephone and internet	3,26,296	2,46,354
Trade fairs and exhibitions	79,865	44,391
Travel	14,39,627	7,13,691
Utilities	5,70,544	6,02,515
<b>TOTAL</b>	<b>4,34,79,291</b>	<b>3,83,14,225</b>