

LT Foods Europe BV
Rotterdam, The Netherlands

Financial Statements for the year 2019-20

Address : Bosporusstraat 42, 3199LJ Maasvlakte Rotterdam

Chamber of Commerce : Rotterdam

File Number : 66787726

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1. MANAGEMENT REPORT

The Management of LT Foods Europe B.V. ("the Company") present herewith the management report together with the annual accounts for the year 2019-20

General

The LT Foods Europe B.V. is a private limited liability company incorporated under the Laws of The Netherlands on 7 September 2016 and have its corporate seat in Rotterdam, with office at Bosporusstraat 42, 3199LJ Maasvlakte Rotterdam (The Netherlands).

The principal business activity of the Company is to engage in grinding of rice and production, processing, trade, import, export, distribution, sale and wholesale trade of food and agricultural products.

The Financial Year

The financial year of the Company starts on 1st April and ends on 31st March.

Directors

During the year on 07.02.2020, Mr. Vijay Kumar Arora has been appointed as director w.e.f. 14.12.2018. In subsequent year, Mr. Vikas Magoon has also been appointed as director w.e.f.18.05.2020.

Results

The shareholder's equity at the year end amounts to a surplus of Euro 3,730,376 (Euro 3,335,609 in previous year). During the period, the Company recorded a net profit of Euro 394,765 (Net Loss of Euro 1,841,415 in previous year).

Dividend

The management does not recommend the payment of any dividend for the period under review.

Future Outlook

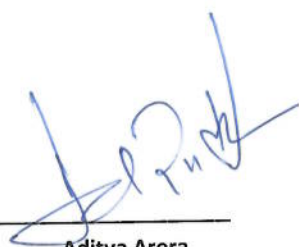
For the next financial year the management expect no material changes in the nature of the business of the Company.

Subsequent events

The COVID-19 pandemic has disrupted various business operations across the world. The Company continues with its operations in a phased manner in line with directives from the authorities. The Company has evaluated the impact of this pandemic on its business operations, liquidity, assets and financial position and based on management's review of current indicators and economic conditions, there is no material impact and adjustments required on its financial results as at March 31,2020. However, the assesment of impact of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Company will continue to monitor any material changes to future economic conditions and its impact, if any.

Rotterdam,

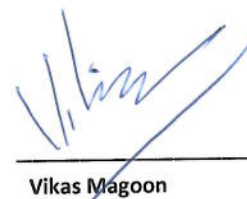
Date:



Aditya Arora
(Director)



Vijay Kumar Arora
(Director)



Vikas Magoon
(Director)

2. Balance sheet as at 31 March 2020
(Before proposed profit appropriation)

	<u>Notes</u>	<u>31/Mar/2020</u> EURO	<u>31/Mar/2019</u> EURO
Fixed Assets			
Tangible Fixed Assets			
Property, plant & equipment	6.1	13,612,655	14,701,336
Capital work-in-progress		420,019	158,922
Financial Fixed Assets			
Deferred tax asset	6.2	<u>1,102,313</u>	<u>1,217,901</u>
Total Fixed Assets (A)		15,134,987	16,078,159
Current Assets			
Inventory	6.3	5,232,871	5,177,223
Trade receivables	6.4	9,890,642	7,524,883
Other receivables	6.5	4,104,308	2,831,217
Cash and cash equivalent	6.6	<u>384,336</u>	<u>468,006</u>
Total Current Assets (B)		19,612,157	16,001,329
Short Term Liabilities			
Loan from credit institution	6.7	9,874,774	10,847,070
Bank overdraft	6.8	-	48
Trade creditors	6.9	11,179,438	11,549,890
Amounts due to shareholders		-	5,183
Amount due for employees benefits (pension)		85,428	80,027
Provision for employee benefits		109,831	68,348
Other current liabilities	6.10	<u>4,886,587</u>	<u>389,472</u>
Total Short Term Liabilities (C)		26,136,058	22,940,038
Balance of Current Assets less Short Term Liabilities (B-C)		(6,523,901)	(6,938,709)
Total Assets Less Short Term Liabilities		<u>8,611,086</u>	<u>9,139,450</u>
Long Term Liabilities (D)			
Loan from credit institution		<u>4,880,709</u>	<u>5,803,841</u>
		4,880,709	5,803,841
Shareholder's Equity (E)			
Share capital	6.11	1	1
Share premium		7074143	7,074,143
Unappropriated profits		-3343767	(3,738,535)
		<u>3730377</u>	<u>3,335,609</u>
Total (D+E)		<u>8,611,086</u>	<u>9,139,450</u>



Aditya Arora
Director
Place: Rotterdam, NL



Vijay Kumar Arora
Director
Place: Rotterdam, NL

For LT FOODS EUROPE B.V.
The Netherlands



Vikas Magoon
Director
Place: Rotterdam, NL

3. Profit and Loss account for the year 2019-20

	<u>Notes</u>	<u>Apr - Mar 2020</u> EURO	<u>Apr - Mar 2019</u> EURO
Net turnover		59,459,287	32,678,353
Change in inventories	7.1	<u>55,648</u>	<u>2,548,692</u>
Total operating income		59,514,936	35,227,045
Purchase of raw materials and other consumables	7.2	(47,973,657)	(29,801,780)
Wages and salaries	7.3	(3,743,754)	(1,424,990)
Depreciation of tangible fixed assets	6.1	(1,133,630)	(981,775)
Other operating expenses	7.4	<u>(5,528,215)</u>	<u>(5,027,572)</u>
Total operating expenses		19,848,171	(37,236,117)
Interest expenses and similar charges	7.5	(625,326)	(508,144)
Other income	7.6	-	75,330
Result before taxation		510,354	(2,441,886)
Taxation	7.7	(115,588)	600,472
Net result for the year		394,765	(1,841,414)



Aditya Arora
Director
Place: Rotterdam, NL



Vijay Kumar Arora
Director
Place: Rotterdam, NL

For LT FOODS EUROPE B.V.
The Netherlands



Vikas Magoon
Director
Place: Rotterdam, NL

4. Cash Flow Statement for the year ended 2019-20

	<u>Apr - Mar 2020</u> 2020 EURO	<u>Apr - Mar 2019</u> 2019 EURO
Operating activities		
Profit/(loss) for the period	510,354	(2,441,886)
Changes in working capital		
Decrease/ (Increase) in current assets	(3,694,498)	(6,969,532)
(Decrease)/ Increase in current liabilities	4,168,367	3,963,690
Depreciation	1,133,630	981,775
Cash generated from/(used in) operating activities	2,117,852	(4,465,953)
Investing activities		
Amount paid for purchase of tangible fixed assets	(306,045)	(2,583,248)
Cash generated from/(used in) investing activities	(306,045)	(2,583,248)
Financing activities		
Payment of loan to bank	(1,895,428)	-
Proceeds from loan from bank		9,369,506
Cash generated from/ (used in) financing activities	(1,895,428)	9,369,506
Net increase/ (decrease) in cash and cash equivalents	(83,622)	2,320,304
Cash and cash equivalents at the beginning of the year	467,958	(1,852,346)
Cash and cash equivalents at the end of the year	384,336	467,958

For LT FOODS EUROPE B.V.
The Netherlands


Aditya Arora
Director

Place: Rotterdam, NL



Vijay Kumar Arora
Director

Place: Rotterdam, NL



Vikas Magoon
Director

Place: Rotterdam, NL

5. Notes to the financial statements

5.1 General

The Company is a private company with limited liability mainly acts as an operating company, incorporated under the laws of The Netherlands on 7 September 2016, having its corporate seat in Rotterdam, with office at Bosporusstraat 42, 3199LJ Maasvlakte Rotterdam (The Netherlands).

The Company is wholly owned by LT Foods International Limited U.K.

In view of the fact that the Company's activities are denominated primarily in Euro, thus annual accounts are prepared in Euro, the Company's functional currency.

Going concern

These financial statements have been prepared on a going concern basis, which basis for valuation and determination of results assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The equity of the Company amounted to Euro 3,730,376.

The Company has received funds from its shareholder to provide support to the Company as may be necessary for it to continue as a going concern.

Basis of presentation

The accompanying accounts have been prepared in accordance with EU-directives as implemented in Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

Financial instruments

Our policy is to manage the risks we are exposed to, including, but not limited to the market risk (including currency risk, fair value, interest and price risk), credit risk, liquidity risk and cash flow interest rate risk. Our strategy is to systematically monitor and understand the impact of changing market conditions on our result and cash flow and to initiate preventive actions when required.

- Interest rate risk

The long term receivables and loans from the Company have floating as well fixed interest rates which the Company runs risk on. The risk related to the floating rate result in a fluctuated interest cash flow and the risk related to the fixed rates result in fluctuated market values of the applicable loans.

- Foreign currency exchange risk

The Company is exposed to the risk that the exchange rate of its functional currency Euro relates to foreign currency may change in a manner that has a significant effect on the expenses and gains of the Company.

5.2 General accounting principles for the preparation of the financial statements

Accounting policies

The financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on accrual basis.

5. Notes to the financial statements (continued...)

Property, plant and equipment

Property, Plant and Equipment (PPE) are tangible assets that are held for use in the production or supply of goods and services. PPE is measured initially at cost. Subsequent measurement carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on a straight line basis over the expected useful lives. Cost of PPE includes payment made for installation of Plant & Machinery. Accordingly, all costs that lead to discovery, acquisition and development of PPE are capitalized. In addition to this, the revaluation model is allowed, in which classes of PPE are carried at a revalued amount less any accumulated depreciation and subsequent accumulated impairment losses. A revaluation reserve is recognised for the difference between the cost price (taking into account any accumulated depreciation and impairment losses) and the revalued amount.

Impairment of value

Assets with a long life are reviewed for any impairment in value in case of changes or circumstances arising which leads to an indication that the book value of the assets will not be recovered. The recoverability of assets in use is determined by comparing the book value of an asset with the estimated present value of the future net cash flows which the asset is expected to generate. If the book value of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the book value and the recoverable amount.

Inventories

Inventory is valued at lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Receivables

Receivables, are stated at nominal value, unless stated otherwise. Trade debtors are shown at face value less a provision for doubtful debts when appropriate.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank. Cash at bank are stated at nominal value and are at the free and unrestricted disposal of the Company.

Accounts payable

All amounts payable are stated at nominal value and are expected to be paid within one year after the balance sheet date.

Translation of foreign currencies

The functional and reporting currency of the Company is Euro.

All monetary assets and liabilities denominated in foreign currencies have been converted into EUR at the rate of exchange prevailing at the balance sheet date, where as non-monetary assets denominated in foreign currencies are translated at historical rate when the transaction took place. All transactions denominated in foreign currency made during the year under review are accounted for at the official rate of exchange prevailing on or around the date of the transaction took place. Foreign exchange gains and losses arising as a result of the application of the above accounting policies are disclosed separately in the profit and loss account.

Fx Rate used for Restatement

USD: 1.1001

INR: 82.8985

GBP: 0.8850

Related party transactions

An entity is considered a related party if any of the following conditions prevail:

- The financial and operating activities are controlled by the Company or are controlled by the same party, which includes common control, joint control or significant influence.
- The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

Transaction with related parties were made on terms equivalent to those that prevail in arm's length transaction.

5. Notes to the financial statements (continued...)

Lease

A lease is classified at inception as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are treated as operating leases. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the legal form of the contract.

In finance lease, the assets and liabilities are recognised at fair value or, if lower, at the present value of the minimum lease payments at the inception of the lease by the lessee. The present value of the minimum lease payments is discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease is impracticable to determine the lessee's incremental borrowing rate is to be used.

The leased asset is depreciated over the shorter of the lease term and its useful life.

In case of operating lease, lease payments, excluding any payments for services such as insurance, are recognised on a straight-line basis over the lease term unless there is a systematic way to spread the cost that is more representative of the benefit to the user.

Previous year figures

Previous year's figures have been regrouped/ reclassified wherever necessary, to confirm to current year's classification.

Provisions

Provisions are formed for liabilities which are deemed probable or certain at the balance sheet date, but which are still unknown as to the amount or timing of outflow of funds.

5.3 Principles for the determination of the result

The result is determined as the difference between the (unrealisable) value of the goods delivered and services rendered and the costs and other charges related to the period. Profits on transactions are recognised in the period in which they are realised and losses are taken into account as soon as they are foreseeable.

Income and expenses denominated in foreign currencies are converted at the official spot rates of exchange when the transaction took place. Foreign exchange gains and losses due to exchange rate fluctuations between the transaction date and the settlement date or balance sheet date are disclosed separately in the profit and loss account.

Tax on result is calculated by applying the current rate on the result for the financial period in the profit & loss account, taking into account tax losses carry-forward and tax exempt elements and after inclusion of non-deductible costs.

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, regardless of when the payment is being made. Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales as BTW etc.

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract.

6 NOTES TO THE FINANCIAL STATEMENTS

	<u>31/Mar/2020</u> EURO	<u>31/Mar/2019</u> EURO
6.1 Property, plant & equipment		
Balance as at 01.04.2019		
Leasehold Building_Improvements	1,292,719	1,292,719
Plant & machinery	13,403,107	10,978,781
Office equipments	49,943	49,943
Electrical installations & equipment	1,017,655	1,017,655
Additions during the year :		
Leasehold Building_Improvements	-	-
Plant & machinery	25,948	2,424,326
Office equipments	19,000	-
Electrical installations & equipment	-	-
Gross books value as at 31.03.2020	<u><u>15,808,372</u></u>	<u><u>15,763,424</u></u>
Accumulated depreciation as at 31.03.2020		
Leasehold improvements	365,301	189,860
Plant & machinery	1,608,000	757,336
Office equipments	21,116	10,269
Electrical installations & equipment	201,300	104,623
	<u><u>2,195,717</u></u>	<u><u>1,062,088</u></u>
Book value as at 31.03.2020		
Leasehold improvements	927,419	1,102,859
Plant & machinery	11,821,056	12,645,771
Office equipments	47,827	39,674
Electrical installations & equipment	816,354	913,032
	<u><u>13,612,655</u></u>	<u><u>14,701,336</u></u>

6 NOTES TO THE FINANCIAL STATEMENTS (Continued...)

	<u>31/Mar/2020</u>	<u>31/Mar/2019</u>
	EURO	EURO
6.2 <u>Deferred tax asset</u>		
Deferred tax asset	1,102,313	1,217,901
	<u>1,102,313</u>	<u>1,217,901</u>
<p>A deferred tax asset is only recognised to the extent that it is probable that there will be sufficient future taxable profit to enable recovery of the deferred tax asset. A deferred tax asset is not recognised if the probability of realisation is only connected to the existence of a deferred tax liability relating to revalued assets.</p>		
6.3 <u>Inventory</u>		
Raw Materials	1,778,069	2,334,262
Semi-Finished Goods	1,145,938	1,283,441
Finished goods	890,967	738,368
By Product	4,494	4,213
Packing Material and Others	1,413,404	816,940
	<u>5,232,871</u>	<u>5,177,223</u>
6.4 <u>Trade receivables</u>		
Trade receivables* (including Group Companies)	9,890,642	7,524,883
	<u>9,890,642</u>	<u>7,524,883</u>
*Nature Bio Foods BV	48,646	-
6.5 <u>Other receivables</u>		
Prepaid expenses	51,342	238,133
VAT receivable	624,485	653,080
Advances to employees	26,184	45,402
Advance to suppliers* (including Group Companies)	3,095,413	1,461,368
Advance to shareholders	282,620	-
Receivable others	24,265	433,234
	<u>4,104,308</u>	<u>2,831,217</u>
*LT FOODS LTD	1,189,394	-
6.6 <u>Cash and cash equivalents</u>		
Cash in hand	4,315	1,949
Rabo Bank CA (Euro)	279,484	253,042
Rabo Bank CA (USD)	94	-
Rabo Bank CA (GBP)	100,443	213,015
	<u>384,336</u>	<u>468,006</u>
6.7 <u>Loan from credit institution</u>		
Rabo Bank (EUR)- Team Loan	923,131	895,427
Rabo Bank (EUR)- Revolver Account	8,951,643	9,951,643
	<u>9,874,774</u>	<u>10,847,070</u>
6.8 <u>Bank overdraft</u>		
Rabo Bank CA (Euro)	-	-
Rabo Bank CA (USD)	-	48
Rabo Bank CA (GBP)	-	-
	<u>-</u>	<u>48</u>

6 NOTES TO THE FINANCIAL STATEMENTS (Continued...)

	<u>31/Mar/2020</u>	<u>31/Mar/2019</u>		
6.9 Trade creditors				
Trade Creditors	3,489,610	3,392,257		
Payable to Group Companies	7,689,828	8,157,633		
	<u>11,179,438</u>	<u>11,549,890</u>		
LT Foods America Inc.	7,525,403	5,890,163		
Nature Bio Foods B.V.	-	103,867		
Nature Bio Foods Limited	4,424	93,679		
Daawat Foods Limited	160,000	19,425		
LT Foods Limited	-	2,050,499		
6.10 Other current liabilities				
Statutory dues	160,668	61,090		
Advances from Customers* (including Group Companies)	3,890,408	-		
Accrued expenses	785,512	299,382		
Security Deposit from Customer	50,000	-		
Other payables	-	29,000		
	<u>4,886,587</u>	<u>389,472</u>		
LT FOODS AMERICAS	430,666	-		
6.11 Shareholders' equity				
	<u>Share capital</u>	<u>Share premium</u>	<u>Unappropriated result</u>	<u>Total</u>
Balance as at 1 April 2019	1	7,074,143	(3,738,533)	3,335,611
Additions during the year	-	-	394,765	394,765
Result for the period	-	-	-	-
Balance as at 31 March 2020	<u>1</u>	<u>7,074,143</u>	<u>(3,343,767)</u>	<u>3,730,376</u>

The issued and paid up share capital amounts to € 1, which consists of 100 ordinary share of € 0.01 nominal value each.

7 NOTES TO THE FINANCIAL STATEMENTS (Continued...)

	<u>Apr - Mar 2020</u>	<u>Apr - Mar 2019</u>
	EURO	EURO
7.1 <u>Changes in Inventory</u>		
Opening Stock		
- Rice	4,360,283	2,429,475
- Others	816,939	199,055
	<u>5,177,223</u>	<u>2,628,530</u>
Less: Closing stock		
- Rice	3,819,467	4,360,283
- Others	1,413,404	816,939
	<u>5,232,871</u>	<u>5,177,223</u>
	<u>55,648</u>	<u>2,548,693</u>
7.2 <u>Purchase of raw materials and other consumables</u>		
- Raw material	(46,115,017)	(28,040,327)
- Others	(1,858,640)	(1,761,453)
	<u>(47,973,657)</u>	<u>(29,801,780)</u>
7.3 <u>Wages and salaries</u>		
Contribution to holiday allowance	(214,770)	(86,781)
Contribution to defined contribution funds	(227,124)	(357,545)
Salaries, wages and bonus	(3,301,860)	(980,664)
	<u>(3,743,754)</u>	<u>(1,424,990)</u>

7. NOTES TO THE FINANCIAL STATEMENTS (Continued...)

	<u>Apr - Mar 2020</u>	<u>Apr - Mar 2019</u>
	EURO	EURO
7.4 <u>Other operating expenses</u>		
Audit Fee	(42,030)	(27,872)
Business promotion expenses	(172,707)	(28,218)
Certification charges	-	(21,911)
Commission	(156,804)	(152,277)
Consumable	(15,590)	(41,425)
Conveyance & travelling exp.	(246,009)	(165,158)
Demurrage & Detention Charges	(145,183)	(4,045)
Discount allowed on export	(297)	(5,091)
Fees & license	(160,329)	(75,448)
Freight Outward	(920,028)	(494,247)
Insurance expense	(167,561)	(166,349)
Internet expense	(71,355)	(61,749)
Testing Exp	(94,880)	(821)
Office maintainance exp.	(759,147)	(342,819)
Rate & weight Diff on Sales	(400,237)	-
Packing expenses	(84,811)	(33,332)
Postage & courier charges	(21,717)	(21,303)
Printing & stationary expenses	(12,191)	(9,240)
Processing charges	(244,494)	(1,425,228)
Professional expenses	(404,494)	(167,478)
Rent expenses	(1,053,929)	(1,240,026)
Repair & maintenance exp	(127,865)	(22,135)
Staff welfare expenses	(226,555)	(110,545)
	<u>(5,528,215)</u>	<u>(4,616,717)</u>
7.5 <u>Financial expenses and similar charges</u>		
Bank charges	(113,175)	(80,720)
Exchange difference	(46,480)	(12,889)
Interest expenses	(465,670)	(427,424)
	<u>(625,326)</u>	<u>(521,033)</u>
7.6 <u>Other Income</u>		
Rental Income	-	97,573
	<u>-</u>	<u>97,573</u>
7.7 <u>Taxation</u>		
Provision for Deferred Tax	(115,588)	600,472
	<u>(115,588)</u>	<u>600,472</u>
7.8 <u>Average number of employees</u>		
During the year 2019-20, the Company have 53 employees. (previous year : 30)		
7.9 <u>Subsequent events</u>		
<p>The COVID-19 pandemic has disrupted various business operations across the world. The Company continues with its operations in a phased manner in line with directives from the authorities. The Company has evaluated the impact of this pandemic on its business operations, liquidity, assets and financial position and based on management's review of current indicators and economic conditions, there is no material impact and adjustments required on its financial results as at March 31,2020. However, the assesment of impact of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Company will continue to monitor any material changes to future economic conditions and its impact, if any.</p>		