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## 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, 2024, and the consolidated statements of income, consolidated statement of stockholders' equity and the consolidated statement of cash flows for the years 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, 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 and its Joint Venture, as at March 31, 2024, 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 Financial Statements section of our report. We are independent of the Company in accordance with the relevant 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 62,126,511 as at March 31, 2024, total revenues of USD 135,034,412 and net cash inflows amounting to USD 129,344 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 6,347,698 for the year ended March 31, 2024, 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 subsidiary, and joint venture, is based solely on the reports of the other auditors.



b. We did not audit the financial statements of two subsidiaries, incorporated outside USA, whose financial statements reflect total assets of USD 36,407,465 as at March 31, 2024, total revenue of USD 20,093,468 total net loss after tax of USD 337,756 and net cash outflows of USD 76,088 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 respective Board of Directors of the companies included in the Group and of its joint venture are responsible for overseeing the financial reporting process of each such company.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the special purpose consolidated financial statements.

In performing an audit in accordance with ISAs, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error, and 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. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the special purpose consolidated financial statements. 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 significant 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 ability of each company included in the Group and its joint venture 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 companies 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, significant audit findings, and certain internal control-related matters that we identified during the audit.



***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: *28<sup>th</sup> June, 2024*

LT Overseas North America, Inc. and Subsidiaries  
Consolidated Balance Sheet as at March 31, 2024  
(All amounts are in USD unless otherwise stated)

	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,937,845	2,061,939
Accounts receivable, net (allowance for doubtful accounts of \$ 405,720 and \$ 428,493 as of March 31, 2024 and March 31, 2023 respectively)	44,488,197	55,140,185
Inventories	82,073,877	84,925,898
Advances to vendors	1,978,491	3,048,948
Advances to related parties	46,141,644	17,757,776
Prepaid expenses and other current assets	4,886,350	3,250,109
<b>TOTAL CURRENT ASSETS</b>	<b>181,506,404</b>	<b>166,184,855</b>
<b>NON-CURRENT ASSETS</b>		
Property And Equipment, Net	25,771,853	24,336,915
Operating lease right-of-use assets	25,447,502	30,621,604
Capital Work-In-Progress	2,374,562	1,312,666
<b>Intangibles</b>		
Goodwill	3,523,547	3,523,547
Trademarks	7,124,936	7,124,936
Copyrights	447,095	447,095
Non compete rights	3,372,579	3,372,579
Distributor network	2,000,000	2,000,000
Other intangible assets	491,433	494,978
Less; Accumulated amortization	(6,654,127)	(6,437,276)
<b>Total intangibles, net</b>	<b>10,305,463</b>	<b>10,525,859</b>
<b>Other assets</b>		
Equity method investments	18,440,044	12,092,346
Other investments	792,111	-
Security deposits and other assets	5,660,525	1,551,984
Deferred tax assets	298,887	282,713
<b>Total other assets</b>	<b>25,191,567</b>	<b>13,927,043</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>89,090,947</b>	<b>80,724,087</b>
<b>TOTAL ASSETS</b>	<b>270,597,351</b>	<b>246,908,942</b>

LT Overseas North America, Inc. and Subsidiaries  
Consolidated Balance Sheet as at March 31, 2024  
(All amounts are in USD unless otherwise stated)

	As at March 31, 2024	As at March 31, 2023
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long term loan payable to bank		
Bank line of credit	-	3,420,000
Current portion of bank equipment loan	22,053,350	37,349,015
Accounts payable	1,128,389	1,102,420
Operating lease liabilities	9,810,050	16,929,992
Contract liabilities	5,252,323	4,960,195
Income tax payable	417,786	848,753
Accrued expenses & other payables	9,105,233	1,273,708
Payable to related party	9,250,423	3,345,889
Payable to related party for inventories in transit	468,930	4,779,145
<b>TOTAL CURRENT LIABILITIES</b>	<b>40,155,580</b>	<b>20,188,816</b>
	<b>97,642,064</b>	<b>94,197,933</b>
<b>LONG - TERM LIABILITIES</b>		
Loan payable to bank, net of debt issuance cost		
Bank equipment loan, net	-	24,735,000
Long-term operating lease liabilities	966,947	2,110,452
Deferred tax liabilities	21,873,110	27,163,407
Advances from related parties	271,910	205,958
<b>TOTAL LONG - TERM LIABILITIES</b>	<b>16,184,888</b>	<b>3,303,753</b>
<b>TOTAL LIABILITIES</b>	<b>39,296,855</b>	<b>57,518,570</b>
	<b>136,938,919</b>	<b>151,716,503</b>
<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, 2023)	4,770,000	4,770,000
Additional paid-in capital	2,000,000	2,000,000
Retained earnings	126,888,432	88,422,439
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>133,658,432</b>	<b>95,192,439</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>270,597,351</b>	<b>246,908,942</b>
Lease Commitments (Note 12)		

See accompanying notes to consolidated financial statements

LT Overseas North America, Inc. and Subsidiaries  
Consolidated Statement of Income for the year ended March 31, 2024  
(All amounts are in USD unless otherwise stated)

	<u>For the year ended March 31, 2024</u>	<u>For the year ended March 31, 2023</u>
<b>SALES</b>		
Gross sales	494,394,005	431,310,681
Less: Sales returns and discounts	(14,025,234)	(12,459,486)
<b>NET SALES</b>	<b>480,368,771</b>	<b>418,851,195</b>
<b>LESS: COST OF GOODS SOLD</b>		
Beginning inventory	84,925,898	68,647,017
Purchases, net of discount	331,765,935	310,441,835
Other direct costs	52,692,816	58,119,615
Ending inventory	(82,073,878)	(84,925,898)
<b>TOTAL COST OF GOODS SOLD</b>	<b>387,310,771</b>	<b>352,282,569</b>
<b>GROSS PROFIT</b>	<b>93,058,000</b>	<b>66,568,626</b>
<b>LESS: OPERATING EXPENSES</b>	<b>(48,595,783)</b>	<b>(43,479,291)</b>
<b>INCOME FROM OPERATIONS</b>	<b>44,462,217</b>	<b>23,089,335</b>
<b>OTHER INCOME/(EXPENSE)</b>		
Interest expense	(3,022,236)	(2,541,577)
Interest income	-	67,300
Miscellaneous income	4,976,796	2,971,936
<b>OTHER INCOME, NET</b>	<b>1,954,560</b>	<b>497,659</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>46,416,777</b>	<b>23,586,994</b>
Less: Income tax expense, net	(13,081,054)	(6,469,312)
Add: Equity method investment net earnings	6,347,698	3,932,346
<b>NET INCOME</b>	<b>39,683,421</b>	<b>21,050,028</b>
Foreign currency translation adjustments	249,748	(202,952)
<b>COMPREHENSIVE INCOME</b>	<b>39,933,169</b>	<b>20,847,076</b>

See accompanying notes to consolidated financial statements



LT Overseas North America, Inc. and Subsidiaries  
Consolidated Statements of Stockholder's Equity as at March 31, 2024  
(All amounts are in USD unless otherwise stated)

	Common Stock		Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
<b>Balance at April 01, 2022</b>	338,500	4,770,000	2,000,000	69,907,608	(898,616)	75,778,992
Distribution of dividend	-	-	-	(1,433,629)	-	(1,433,629)
Foreign currency translation adjustments	-	-	-	-	(202,952)	(202,952)
Net income during the period	-	-	-	21,050,028	-	21,050,028
<b>Balance at March 31, 2023</b>	338,500	4,770,000	2,000,000	89,524,007	(1,101,568)	95,192,439
Distribution of dividend	-	-	-	(1,467,176)	-	(1,467,176)
Foreign currency translation adjustments	-	-	-	-	249,748	249,748
Net income during the period	-	-	-	39,683,421	-	39,683,421
<b>Balance at March 31, 2024</b>	338,500	4,770,000	2,000,000	127,740,252	(851,820)	133,658,432

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, 2024</b>	<b>Year ended March 31, 2023</b>
<b>Cash flow from operating activities:</b>		
Net income	39,683,421	21,050,028
<b>Adjustments to reconcile net income to net cash used in operating activities:</b>		
Depreciation & amortization	8,495,839	7,535,852
Deferred income taxes	49,778	964,066
Interest income	-	(67,300)
Equity method investment net earnings	(6,347,698)	(3,932,346)
Interest expense	4,024,048	3,490,285
Allowance for doubtful accounts	507,507	207,000
<b>(Increase) / decrease in assets:</b>		
Accounts receivable	10,144,481	(11,036,711)
Advances to vendors	1,070,457	899,971
Inventories	2,852,021	(16,278,881)
Prepaid expenses and other current assets	(1,636,241)	119,459
Advances to related parties	(28,383,868)	2,522,812
Security deposits and other assets	(4,108,541)	13,383
<b>Increase / (decrease) in liabilities:</b>		
Accounts payable	(7,119,942)	7,969,916
Income taxes payable	7,831,525	(808,962)
Accrued expenses & other payables	5,904,534	(2,224,407)
Contract liabilities	12,450,168	(18,410)
Payable to related party	15,656,549	(4,630,305)
<b>Net cash provided by operating activities</b>	<b>61,074,038</b>	<b>5,775,450</b>
<b>Cash flow from investing activities:</b>		
Payment for purchase of property and equipment including capital work-in-progress	(5,598,175)	(3,602,119)
Investment in enterprise in which company has significant interest	(792,111)	-
Investment in joint venture	-	(8,160,000)
<b>Net cash used in investing activities</b>	<b>(6,390,286)</b>	<b>(11,762,119)</b>
<b>Cash flow from financing activities:</b>		
(Repayments) / Proceeds of bank loan	(28,155,000)	12,167,872
(Repayments) / Proceeds of bank line of credit	(15,295,665)	8,443,944
Repayments of bank equipment loan	(1,117,536)	(4,387,926)
Payment of rent expense	(5,999,981)	(5,424,835)
Payment of interest	(3,022,236)	(2,541,577)
Payment of dividend	(1,467,176)	(1,433,629)
<b>Net cash (used in)/provided by financing activities</b>	<b>(55,057,594)</b>	<b>6,823,849</b>
Net (decrease) / increase in cash and cash equivalents	(373,842)	837,180
Cash and cash equivalents, beginning	2,061,939	1,427,711
Effects of changes in foreign exchange rate	249,748	(202,952)
<b>Cash and cash equivalents, end</b>	<b>1,937,845</b>	<b>2,061,939</b>

See accompanying notes to consolidated financial statements

**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</b> <b>'March 31, 2024</b>	<b>For the year ended</b> <b>'March 31, 2023</b>
Advertising	6,380,257	4,414,025
Automobile expense	385,588	283,222
Allowance for doubtful accounts	507,507	207,000
Bank charges	101,333	125,110
Bonus	2,631,815	1,036,677
Business gifts	-	411,579
Commission	2,926,088	2,766,067
Depreciation and amortization	2,729,687	2,028,597
Dues and subscriptions	759,263	711,069
Employee welfare	354,649	623,247
Foreign exchange loss (gain)	-	374,081
Freight delivery charges	905,180	424,671
General expenses	1,456,083	692,117
Insurance	1,750,121	1,704,106
401(k) expenses	255,514	202,697
Legal and professional	4,726,213	2,323,708
Office expense	1,010,661	1,118,473
Payroll taxes	608,696	433,364
Penalties	161,169	70,669
Postage	137,867	114,707
Promotions	492,477	53,090
Rent	127,735	2,799,583
Repair & maintenance	699,715	572,106
Salaries, wages and bonuses	15,975,862	16,827,698
Taxes and licenses	872,250	745,296
Telephone and internet	345,574	326,296
Trade fairs and exhibitions	372,409	79,865
Travel	1,520,951	1,439,627
Utilities	401,119	570,544
<b>TOTAL</b>	<b>48,595,783</b>	<b>43,479,291</b>

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2024**

**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. This 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 company 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 company 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 24, 2014, LTONA formed Ecolife, LLC, single member LLC in California to engage in importing and distributing of organic products. However, this company has been terminated with effect from August 28, 2020.

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.

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 July 17, 2023, LT Foods International Limited form LT Foods UK Limited as its fully owned subsidiary. Name of LT Foods International Limited has been changed to LT Foods Europe Holdings Limited with effect from August 03, 2023.

**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 Europe Holdings Limited (formerly known as LT Foods International Limited)
- LT Foods Europe BV
- LT Foods UK Limited
- 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).

**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, 2024**

**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, 2024, 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, 2024**

**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, 2024, 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. Softwares were amortised on straight -line basis over a period of 3 years. Amortization expense for the years ended March 31, 2024 and March 31, 2023 were \$216,851 and \$159,675 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, 2024 and 2023, shipping and handling costs were \$4,126,233 and \$5,770,269, 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.

**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.

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2024**

**Subsequent Events**

Management evaluated all activity of the Group through June 28, 2024 (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 45% and 50%, respectively, of the Group's total sales for the years ended March 31, 2024 and 2023. As at March 31, 2024 and 2023, approximately 25% and 38%, 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 61% and 75% of the Group's total purchases for the years ended March 31, 2024 and 2023. As at March 31, 2024 and 2023, 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, 2024**

**6 Inventories**

Inventories consisted of the following:

	<u>As at March 31, 2024</u>	<u>As at March 31, 2023</u>
Rice	33,192,495	50,708,238
Grape seed oil	373,108	1,053,004
Beans, lentils and others	138,966	553,558
Ready to heat products	1,421,789	2,326,472
Other packaged items	1,967,424	1,369,763
Packaging materials	4,739,312	4,142,573
Subtotal	<u>41,833,094</u>	<u>60,153,608</u>
Inventories in transit	40,240,783	24,772,290
Total	<u><u>82,073,877</u></u>	<u><u>84,925,898</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 March 31, 2024</u>	<u>As at March 31, 2023</u>
Land	1,534,756	1,534,755
Building	5,030,245	5,030,245
Furniture and fixtures	588,757	588,757
Office and computer equipment	1,398,132	1,091,600
Leasehold improvements	4,353,397	3,655,169
Vehicle	1,401,956	504,064
Warehouse equipment	<u>30,201,535</u>	<u>27,615,093</u>
Gross block	44,508,778	40,019,683
Less: accumulated depreciation	<u>(18,736,925)</u>	<u>(15,682,768)</u>
Net	<u><u>25,771,853</u></u>	<u><u>24,336,915</u></u>

Depreciation expense for the years ended March 31, 2024 and 2023 were \$3,104,730 and \$2,850,917, of which \$592,049 and \$ 822,320, respectively, were part of cost of goods sold.

**8 Goodwill**

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

**Reporting units:**

	<u>As at March 31, 2024</u>	<u>As at March 31, 2023</u>
United States of America	3,300,000	3,300,000
United Kindom	-	10,608
Ending balance	<u><u>3,300,000</u></u>	<u><u>3,310,608</u></u>



**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2024**

**9 Related Party Transactions**

Purchases from affiliates during the years ended March 31, 2024 and 2023 are summarized as follows:

Name of affiliate	Year ended March 31, 2024		Year ended March 31, 2023	
	Purchases	%ge	Purchases	%ge
LT Foods Limited, India (Parent Company)	117,109,385	35	129,200,055	38
Dawaat Foods Limited - (fellow subsidiary)	61,012,320	18	76,106,667	23
Ragunathan Agro Industries Ltd. (fellow subsidiary)	18,098,920	5	17,308,694	5
Nature Bio-Foods Ltd. - (fellow subsidiary)	16,619,630	5	9,109,480	3
Nature Bio Foods BV - (fellow subsidiary)	8,652,488	3	3,093,224	1
Ecopure Specialties Limited - (fellow subsidiary)	29,536	0	6,488,233	2
Golden Star Trading, Inc (Joint Venture)	110,940	0	-	-
Buddha Gourmet Foods GmbH (Relatives of KMP having significant influence)	27,117	0	-	-
	<u>221,660,336</u>		<u>241,306,353</u>	

Sales to affiliates during the years ended March 31, 2024 and 2023 are summarized as follows:

	Year ended March 31, 2024		Year ended March 31, 2023	
	Sales	%ge	Sales	%ge
Nature Bio Foods BV - fellow subsidiary	330,009	0.07	24,021	0.02
Golden Star Trading, Inc (Joint Venture)	95,233	0.02	-	-
Global Foods Trading GMBH (Associate Company of LT Foods Europe BV)	670,760	0.14	-	-
Global Foods Trading Spain S.L.(Associate Company of LT Foods Europe BV)	490,176	0.10	-	-
Global Foods Trading France SARL(Associate Company of LT Foods Europe BV)	229,913	0.05	-	-
Buddha Gourmet Foods GmbH (Relatives of KMP having significant influence)	452,894	0.09	-	-
	<u>2,268,985</u>		<u>24,021</u>	

Inventory management fees received from Golden Star Trading, Inc

Year ended March 31, 2024	Year ended March 31, 2023
<u>4,747,673</u>	<u>2,443,368</u>
<u>4,747,673</u>	<u>2,443,368</u>

Summaries of advances to related parties as of March 31, 2024 and 2023 are as follows:

Name of affiliate	As at March 31, 2024	As at March 31, 2023
	Dawaat Foods Limited (fellow subsidiary)	28,574,624
LT Foods Limited, India (Parent company)	13,810,144	8,510,554
Nature Bio-Foods Ltd. (fellow subsidiary)	2,280,007	43,140
Nature Bio Foods Inc (fellow subsidiary)	-	4,294
Nature Bio Foods BV (fellow subsidiary)	1,650,000	2,670
Ecopure Specialties Limited (fellow subsidiary)	36,941	-
Ragunathan Agro Industries Ltd (fellow subsidiary)	1,438,278	1,514,000
	<u>46,141,644</u>	<u>17,757,776</u>

Summaries of advances from related parties as of March 31, 2024 and 2023 are as follows:

	As at March 31, 2024	As at March 31, 2023
Golden Star Trading, Inc (Joint venture)	<u>16,184,888</u>	<u>3,303,753</u>
	<u>16,184,888</u>	<u>3,303,753</u>

During the current year, LTFA has received advance amounting to USD 12,881,135 from its joint venture Golden Star Trading, Inc and the outstanding balance of such advance as on March 31, 2024 is USD 16,184,888 (March 31, 2023; USD 3,303,753). These advances primarily will be adjusted against the supply of products to Golden Star Trading, Inc over a period of 5 year.

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2024**

**Summaries of payable to related party as of March 31, 2024 and 2023 are as follows:**

<b>Name of affiliate</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
Ecopure Specialties Limited (fellow subsidiary)	-	52,341
Nature Bio-Foods Ltd. (fellow subsidiary)	-	8,984
Nature Bio Foods BV (fellow subsidiary)	441,310	11,417
LT Foods Limited, India (Parent company)	27,620	1,858,137
Dawaat Foods Limited (fellow subsidiary)	-	2,848,266
	<u>468,930</u>	<u>4,779,145</u>

**Summaries of payable to related party for inventories in transit as of March 31, 2024 and 2023 are as follows:**

<b>Name of affiliate</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
LT Foods Limited, India (Parent company)	16,785,787	11,865,005
Dawaat Foods Limited (fellow subsidiary)	18,997,002	4,500,933
Ragunathan Agro Industries Ltd. (fellow subsidiary)	338,278	1,800,994
Nature Bio-Foods Ltd. (fellow subsidiary)	3,609,226	1,993,499
Nature Bio Foods BV (fellow subsidiary)	388,346	-
Ecopure Specialties Limited (fellow subsidiary)	36,941	28,385
	<u>40,155,580</u>	<u>20,188,816</u>

**Investments in Joint Venture**

	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
Investments in Joint Venture at Cost*	8,160,000	8,160,000
<b>Total investments at cost</b>	<u>8,160,000</u>	<u>8,160,000</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, 2024**

**10 Income Taxes**

Components of income tax expense / (benefit) relating to earnings from operations for the years ended March 31, 2024 and March 31, 2023 are as follows:

	<b>Year ended March 31, 2024</b>		
	<b>Current</b>	<b>Deferred</b>	<b>Total</b>
Federal	7,973,572	273,654	8,247,226
State	3,300,485	(141,998)	3,158,487
Foreign	1,757,702	(82,361)	1,675,341
<b>Total</b>	<b>13,031,759</b>	<b>49,295</b>	<b>13,081,054</b>

  

	<b>Year ended March 31, 2023</b>		
	<b>Current</b>	<b>Deferred</b>	<b>Total</b>
Federal	3,712,278	497,370	4,209,648
State	1,667,122	(43,246)	1,623,876
Foreign	-	635,788	635,788
<b>Total</b>	<b>5,379,400</b>	<b>1,089,912</b>	<b>6,469,312</b>

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

	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
<b>Deferred tax assets</b>		
State tax	1,779	-
Deferred tax assets - foreign subsidiary	140,008	124,372
Depreciation & amortisation	157,100	158,341
<b>Total</b>	<b>298,887</b>	<b>282,713</b>
Less: Deferred tax liabilities	-	-
<b>Deferred tax assets (Net)</b>	<b>298,887</b>	<b>282,713</b>

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

	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
<b>Deferred tax liabilities</b>		
State taxes	742,901	11,826
Deferred rent	98,009	-
Deferred tax liabilities - foreign subsidiary	-	67,045
Depreciation & amortisation	13,876	498,152
<b>Total</b>	<b>854,786</b>	<b>577,023</b>
Less : Deferred tax assets		
Allowance for bad debt	117,601	134,677
State tax	54,778	-
Section 263A	214,004	214,004
Depreciation & amortisation	196,493	12,333
Deferred rent	-	10,051
<b>Total</b>	<b>582,876</b>	<b>371,065</b>
<b>Deferred tax liabilities (Net)</b>	<b>271,910</b>	<b>205,958</b>

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2024**

**11 Revolving and Term Loans**

Rabobank on 15 March 2022 has renewed its credit facilities to LTFA and LTFE for term loan and revolving credit.

LTFA does not have any term loan as of March 31, 2024. The term loan was fully paid during the year amounting to USD 28.16 million. Also, the company has not utilised the revolver credit facility during the year ended March 31, 2024. 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 at the rate of interest of EURIBOR+105 basis point. Revolving credit will mature in March 2025. Collateral includes all property owned, leased or operated by the loan parties.

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 which commence from 01 Feb 2018.. 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 LTONA. 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, 2024</b>	<b>As at March 31, 2023</b>
Bank equipment loan	<u>2,095,336</u>	<u>31,367,872</u>
Less: current maturities	<u>2,095,336</u>	<u>31,367,872</u>
Total long-term liabilities	<u>(1,128,389)</u>	<u>(4,522,420)</u>
	<u>966,947</u>	<u>26,845,452</u>

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

Year ending March 31,	
2025	1,128,389
2026	966,947
Total	<u>2,095,336</u>

**LT Overseas North America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2024**

**12 Lease Commitments**

**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 first extension of lease term for five years and. Further LTFA signed second extension for sixty three months which was commenced on November 1, 2023 .

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 months (starting from April 2021).

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,	
2025	
2026	6,117,367
2027	6,225,943
2028	6,384,979
2029 and thereafter	4,687,541
Less: Imputed interest	6,211,667
Total	<u>(2,502,064)</u>
	<u>27,125,433</u>

Operating lease cost for the year ended March 31, 2024 were amounting to \$6,168,456 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%.

**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 2024, and March 31, 2023, LTFA contributed \$330,991 and \$251,813, respectively, of which \$75,477 and \$49,116, respectively, were part of cost of goods sold.

**Pension Plan**

The foreign subsidiary contributed \$497,627 and \$390,228 for the year ended March 31, 2024 and March 31, 2023 respectively to its employee pension contribution.

LT Overseas North America, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements for the year ended March 31, 2024

14 Interests in joint venture

Summarised Statement of Profit and Loss

	Year ended March 31, 2024	Year ended March 31, 2023
Net Revenues	80,331,396	52,778,341
Gross Profit	31,746,116	17,952,369
Income from continuing operations	12,446,467	7,710,482
Group ownership interests	51%	51%
Equity method investment net earnings	<u>6,347,698</u>	<u>3,932,346</u>

Summarised Balance Sheet

	As at March 31, 2024	As at March 31, 2023
Current assets	26,055,263	14,071,208
Non-current assets	6,967,643	7,530,525
Total assets	33,022,906	21,601,733
Current liabilities	7,364,062	7,776,874
Non-Current liabilities	5,474,896	6,087,378
Total liabilities	12,838,958	13,864,252
Total Net equity of investee	20,183,948	7,737,481
Group ownership interests	51%	51%
Equity method investment net equity	<u>10,293,814</u>	<u>3,946,116</u>

Investments in Joint Venture

	As at March 31, 2024	As at March 31, 2023
Investments in Joint Venture at Cost	8,160,000	8,160,000
Equity method investment net earnings	10,280,044	3,932,346
Total Fair value of investments	<u>18,440,044</u>	<u>12,092,346</u>

15 Previous year figures have been recasted / regrouped / reclassified, wherever considered necessary.