

TATA COFFEE VIETNAM COMPANY LIMITED

(Incorporated in the Socialist Republic of Vietnam)

AUDITED FINANCIAL STATEMENTS

For the year ended 31 March 2020



TATA COFFEE VIETNAM COMPANY LIMITED

No.12 VSIP II-A, Street No.32, Vietnam Singapore Industrial Park II-A
Tan Binh Commune, Bac Tan Uyen Town, Binh Duong Province, Vietnam

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No.12 VSIP II-A, Street No.32, Vietnam Singapore Industrial Park II-A
Tan Binh Commune, Bac Tan Uyen Town, Binh Duong Province, Vietnam

The Board of Directors of Tata Coffee Vietnam Company Limited (the "Company") presents this report together with the Company's financial statements for the year ended to 31 March 2020.

The members of Members' Council and Board of Directors of the Company who held office during the year and to the date of this report are as follows;

Mr. Chacko Purackal Thomas	Chairman (appointed on 17 April 2019)
Mr. Santhanakrishnan Sankaran	Member
Mr. Radhakrishna Tirumala	Member
Mr. Venkataramanan Krishnamoorthy	Member
Mr. Amit Pant	Member (appointed on 16 August 2019)

Mr. Radhakrishna Tirumala	General Director
Mr. Venkataramanan Krishnamoorthy	Deputy General Director
Mr. Sudhakar Pathey Jawaharlal	Deputy General Director

The Board of Directors of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year ended to 31 March 2020 in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing these financial statements.



Radhakrishna Tirumala
General Director

13 June 2020

No.: 0018 /VN1A-HC-BC

INDEPENDENT AUDITORS' REPORT

To: The Members' Council and Board of Directors of Tata Coffee Vietnam Company Limited

We have audited the accompanying financial statements of Tata Coffee Vietnam Company Limited (the "Company"), prepared on 13 June 2020 as set out from page 3 to page 17, which comprise the balance sheet as at 31 March 2020, and the income statement, and cash flow statement for the year ended to 31 March 2020, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year ended to 31 March 2020 in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Dao Thai Thinh
Audit Partner
Audit Practising Registration Certificate
No. 1867-2018-001-1
**BRANCH OF DELOITTE VIETNAM
COMPANY LIMITED**
13 June 2020
Ho Chi Minh City, Vietnam

Pham Hoang Khanh Phuong
Auditor
Audit Practising Registration Certificate
No. 2756-2020-001-1

TATA COFFEE VIETNAM COMPANY LIMITED

No.12 VSIP II-A, Street No.32
 Vietnam Singapore Industrial Park II-A
 Tan Binh Commune, Bac Tan Uyen Town
 Binh Duong Province, Vietnam

FORM B 01-DN

Issued under Circular No. 200/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance

BALANCE SHEET
As at 31 March 2020

Unit: USD

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		9,618,868	4,910,428
I. Cash and cash equivalents	110	4	46,357	2,107,849
1. Cash	111		46,357	2,107,849
II. Short-term financial investments	120		380,078	98,797
1. Held-to-maturity investments	123	5	380,078	98,797
III. Short-term receivables	130		3,508,217	302,801
1. Short-term trade receivables	131	6	3,218,383	-
2. Short-term advances to suppliers	132	7	225,376	257,305
3. Other short-term receivables	136		64,458	45,496
IV. Inventories	140	8	5,627,191	2,326,438
1. Inventories	141		5,627,191	2,326,438
V. Other short-term assets	150		57,025	74,543
1. Short-term prepayments	151		57,025	74,543
B. NON-CURRENT ASSETS	200		61,924,873	63,242,000
I. Long-term receivables	210		51,533	20,685
1. Other long-term receivables	216		51,533	20,685
II. Fixed assets	220		54,549,189	6,164,459
1. Tangible fixed assets	221	9	54,372,223	6,164,459
- Cost	222		57,226,411	6,184,933
- Accumulated depreciation	223		(2,854,188)	(20,474)
2. Intangible assets	227	10	176,966	-
- Cost	228		216,880	-
- Accumulated amortisation	229		(39,914)	-
III. Long-term assets in progress	240		-	49,194,793
1. Construction in progress	242	11	-	49,194,793
IV. Other long-term assets	260		7,324,151	7,862,063
1. Long-term prepayments	261	12	7,324,151	7,862,063
TOTAL ASSETS (270=100+200)	270		71,543,741	68,152,428

The accompanying notes are an integral part of these financial statements

TATA COFFEE VIETNAM COMPANY LIMITED

No.12 VSIP II-A, Street No.32
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 Tan Binh Commune, Bac Tan Uyen Town
 Binh Duong Province, Vietnam

FORM B 01-DN


Issued under Circular No. 200/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance


BALANCE SHEET (Continued)
 As at 31 March 2020

Unit: USD

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		62,812,295	59,248,074
I. Current liabilities	310		14,209,701	4,376,404
1. Short-term trade payables	311	13	195,123	1,402,285
2. Short-term advances from customers	312		5,216	-
3. Taxes and amounts payable to the State budget	313	14	10,840	39,681
4. Payables to employees	314		-	149
5. Short-term accrued expenses	315	15	1,193,480	1,000,311
6. Other current payables	319		188	4,568
7. Short-term loans	320	16	12,804,854	1,929,410
II. Long-term liabilities	330		48,602,594	54,871,670
1. Long-term loans	338	17	48,602,594	54,871,670
D. EQUITY	400		8,731,446	8,904,354
I. Owner's equity	410	18	8,731,446	8,904,354
1. Owner's contributed capital	411		12,500,000	10,500,000
2. Accumulated losses	421		(3,768,554)	(1,595,646)
- Losses accumulated to the prior year end	421a		(1,595,646)	(438,961)
- Losses of the current year	421b		(2,172,908)	(1,156,685)
TOTAL RESOURCES (440=300+400)	440		71,543,741	68,152,428


 Pham Hoai Phuong
 Preparer/Chief Accountant


 Sudhakar Pathey Jawaharlal
 Deputy General Director


 Radhakrishna Tirumala
 General Director
 13 June 2020

The accompanying notes are an integral part of these financial statements

TATA COFFEE VIETNAM COMPANY LIMITED

No.12 VSIP II-A, Street No.32
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FORM B 02-DN

Issued under Circular No. 200/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance

INCOME STATEMENT
 For the year ended 31 March 2020

Unit: USD

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold	01	19	17,705,726	-
2. Net revenue from goods sold (10=01)	10		17,705,726	-
3. Cost of goods sold	11	19	16,047,700	-
4. Gross profit from goods sold (20=10-11)	20		1,658,026	-
5. Financial income	21	21	26,849	52,551
6. Financial expenses	22	22	2,664,345	428,044
- In which: Interest expense	23		2,217,751	6,781
7. Selling expenses	25	23	350,474	-
8. General and administration expenses	26	23	849,173	780,858
9. Operating losses (30=20+(21-22)-(25+26))	30		(2,179,117)	(1,156,351)
10. Other income	31		6,209	-
11. Other expenses	32		-	334
12. Profit/(loss) from other activities (40=31-32)	40		6,209	(334)
13. Accounting loss before tax (50=30+40)	50		(2,172,908)	(1,156,685)
14. Current corporate income tax expense	51	24	-	-
15. Net losses after corporate income tax (60=50-51)	60		(2,172,908)	(1,156,685)


 Pham Hoai Phuong
 Preparer/Chief Accountant


 Sudhakar Pathey Jawaharia
 Deputy General Director


 Radhakrishna Tirumala
 General Director
 13 June 2020

The accompanying notes are an integral part of these financial statements

TATA COFFEE VIETNAM COMPANY LIMITED

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 Binh Duong Province, Vietnam


FORM B 03-DN


Issued under Circular No. 200/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance

CASH FLOW STATEMENT
 For the year ended 31 March 2020

Unit: USD

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Loss before tax	01	(2,172,908)	(1,156,685)
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	2,873,628	20,474
Foreign exchange gain arising from translating foreign currency items	04	(17,714)	(10,601)
Gain from investing activities	05	(2,974)	(2,196)
Interest expense	06	2,217,751	6,781
3. Operating profit/(loss) before movements in working capital	08	2,897,783	(1,142,227)
Changes in receivables	09	(3,730,504)	(180,718)
Changes in inventories	10	(3,300,753)	(1,979,813)
Changes in accounts payable	11	(974,671)	359,340
Changes in prepaid expenses	12	526,461	105,911
Interest paid	14	(1,674,080)	-
Net cash used in operating activities	20	(6,255,764)	(2,837,507)
II. CASH FLOWS FROM INVESTING ACTIVITY			
1. Acquisition and construction of fixed assets	21	(2,416,163)	(19,658,391)
2. Interest earned	27	2,974	2,196
Net cash used in investing activity	30	(2,413,189)	(19,656,195)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from owners' contributed capital	31	2,000,000	4,500,000
2. Proceeds from borrowings	33	17,956,022	18,501,081
3. Repayment of borrowings	34	(13,349,655)	-
Net cash generated by financing activities	40	6,606,367	23,001,081
Net increase in cash (50=20+30+40)	50	(2,062,586)	507,379
Cash at the beginning of the year	60	2,107,849	1,600,669
Effects of changes in foreign exchange rates	61	1,094	(199)
Cash at the end of the year (70=50+60+61)	70	46,357	2,107,849


 Pham Hoai Phuong
 Preparer/Chief Accountant


 Sudhakar Pathey Jawaharlal
 Deputy General Director


 Radhakrishna Tirumala
 General Director
 13 June 2020

The accompanying notes are an integral part of these financial statements

TATA COFFEE VIETNAM COMPANY LIMITED

No.12 VSIP II-A, Street No.32
Vietnam Singapore Industrial Park II-A
Tan Binh Commune, Bac Tan Uyen Town
Binh Duong Province, Vietnam

FORM B 09-DN

Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

NOTES TO THE FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

1. GENERAL INFORMATION**Structure of ownership**

Tata Coffee Vietnam Company Limited (the "Company") was incorporated in Vietnam, as a wholly foreign owned enterprise for 41 years under Investment Registration Certificate No. 5422642151 dated 13 March 2017 issued by the Board of Management of Vietnam - Singapore Industrial Park and under Business Registration Certificate No. 3702547670 dated 28 March 2017 issued by the Department of Planning and Investment in Binh Duong Province, as amended.

The owner is Tata Coffee Limited, a company incorporated in India.

The number of the Company's employees as at 31 March 2020 was 66 (as at 31 March 2019 was 60).

Principal activities

The principal activity of the Company is manufacture of soluble coffee.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a period of 12 months or less.

Characteristics of the business activities in the fiscal year which have the impact on the financial statements

Although the current situation of COVID-19 new disease that has been disrupting Viet Nam and the world's economy, the Board of Directors assessed that the Covid outbreak does not have material impact on the financial statements for the year ended 31 March 2020. The Board of Directors has also been considering the potential impacts of COVID-19 on the Company's financial and operational performance in the fiscal year 2021 to appropriately plan in coping with uncertainties of this situation.

Disclosure of information comparability in the financial statements

Comparative figures are the figures of the audited financial statements for the year ended 31 March 2019.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**Accounting convention**

The accompanying financial statements, expressed in United States Dollars (USD), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Directors believes that the use of USD as currency unit is necessary in order to reflect the economic substance of the underlying events and circumstances relevant to the Company's business operations.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Company's financial year begins on 1 April and ends on 31 March.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these financial statements, are as follows:

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Although these accounting estimates are based on the Board of Directors' best knowledge, actual results may differ from those estimates.

Cash

Cash only comprise demand deposits.

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity, including term deposits.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have book value higher than net realisable value as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings and structures	10 - 39
Machinery and equipment	15 - 20
Office equipment	5 - 6

Intangible assets and amortisation

Intangible assets are initially recognised at cost. The cost of intangible assets less their estimated residual value are amortized on the straight line basis over their expected useful lives of 5 years. Intangible assets are stated at cost less any accumulated amortisation.

Construction in progress

Properties under construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including land rentals, upfront costs and other types of prepayments.

Land rentals represent rentals that have been paid in advance. Prepaid land rentals are charged to the income statement using the straight-line method over the lease term.

Upfront costs including of commitment fee, arrangement and guarantee fees incurred in acquisition of long-term loans. These costs are allocated to the income statement over a period of loan schedule.

Other types of prepayments mainly are miscellaneous expenses which are expected to provide future economic benefits to the Company. These expenditures have been capitalized as prepayments, and are allocated to the income statement using the straight-line method over a period of within three years in accordance with the current prevailing accounting regulations.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement.

Payable provisions

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Board of Directors' best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit after tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH

	<u>Closing balance</u>	<u>Opening balance</u>
	USD	USD
Demand deposits	46,357	2,107,849
	<u>46,357</u>	<u>2,107,849</u>

5. HELD - TO - MATURITY INVESTMENTS

Short term financial investments represent bank deposits in VND placed with banks with maturity terms of more than 3 months and earn interest at the rates 3.4% to 3.5% per annum (as at 31 March 2019: 3.8% per annum).

6. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	USD	USD
Productos Soluble SA	1,770,888	-
Instanta SP. Z O.O.	425,750	-
Others	1,021,745	-
	<u>3,218,383</u>	<u>-</u>

7. SHORT-TERM ADVANCES TO SUPPLIERS

	<u>Closing balance</u>	<u>Opening balance</u>
	USD	USD
Leogap Ind E Com De Maquinas LTDA	-	76,000
SEAS Project Consultants Co. Ltd	-	103,311
GEA Vietnam Company Limited	201,170	-
Others	24,206	77,994
	<u>225,376</u>	<u>257,305</u>

8. INVENTORIES

	Closing balance		Opening balance	
	USD		USD	
	Cost	Provision	Cost	Provision
Goods in transit	110,250	-	22,303	-
Raw materials	1,937,514	-	879,379	-
Work in progress	413,524	-	74,852	-
Finished goods	3,165,903	-	1,349,904	-
	5,627,191	-	2,326,438	-

9. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Total
	USD	USD	USD	USD
COST				
Opening balance	6,037,514	124,206	23,213	6,184,933
Additions from construction in progress	622,486	50,067,385	351,607	51,041,478
Closing balance	6,660,000	50,191,591	374,820	57,226,411
ACCUMULATED DEPRECIATION				
Opening balance	16,559	2,948	967	20,474
Charge for the year	278,378	2,534,083	21,253	2,833,714
Closing balance	294,937	2,537,031	22,220	2,854,188
NET BOOK VALUE				
Opening balance	6,020,955	121,258	22,246	6,164,459
Closing balance	6,365,063	47,654,560	352,600	54,372,223

10. INCREASE, DECREASE IN INTANGIBLE ASSETS

	Computer software
	USD
COST	
Opening balance	-
Additions from construction in progress	216,880
Closing balance	216,880
ACCUMULATED AMORTISATION	
Opening balance	-
Charge for the year	39,914
Closing balance	39,914
NET BOOK VALUE	
Opening balance	-
Closing balance	176,966

11. CONSTRUCTION IN PROGRESS

The balance as at 31 March 2019 represents the construction in progress for factory and machinery purchases. These items have been fully transferred to fixed assets during the year.

12. LONG-TERM PREPAYMENTS

	<u>Closing balance</u> USD	<u>Opening balance</u> USD
Land rentals (*)	4,189,268	4,299,512
Upfront fee (**)	2,934,138	3,251,785
Others	200,745	310,766
	<u>7,324,151</u>	<u>7,862,063</u>

(*) The land rentals represent the land rental pertaining to the land in Vietnam - Singapore Industrial Park II-A in Binh Duong Province for a period of 41 years from 31 May 2017 to 19 March 2058.

(**) Upfront costs represent the fee paid to EKF and Standard Chartered Bank for acquisition of long-term loans as presented in Note 16 and Note 17.

13. SHORT-TERM TRADE PAYABLES

	<u>Closing balance</u> USD	<u>Opening balance</u> USD
Trau Viet Co. Ltd	79,662	677,664
Olam Vietnam Co. Ltd	-	432,747
Sovan Tradecom Private Limited	26,721	-
Shardul Amarchand Mangaldas. Co Ltd	20,049	-
Others	68,691	291,874
	<u>195,123</u>	<u>1,402,285</u>

14. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>Opening balance</u> USD	<u>Payable during the year</u> USD	<u>Paid during the year</u> USD	<u>Closing balance</u> USD
Personal income tax	-	214,640	202,433	12,207
Foreign withholding tax	39,681	191,392	232,440	(1,367)
Others	-	2,588	2,588	-
	<u>39,681</u>	<u>408,620</u>	<u>437,461</u>	<u>10,840</u>

15. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u> USD	<u>Opening balance</u> USD
Loan interest	543,671	561,875
Professional fee	25,499	36,182
Bonus for employees	110,000	120,000
Boiler steam fee	86,207	34,477
Electricity expense	31,182	44,963
Goods in receipt	190,198	-
Others	206,723	202,814
	<u>1,193,480</u>	<u>1,000,311</u>

16. SHORT-TERM LOANS

	Opening balance USD	Addition during the year USD	Reclassified USD	Payment during the year USD	Closing balance USD
Short-term loans					
Mizuho Bank., Ltd. (*)	1,929,411	16,080,400	-	(13,349,655)	4,660,156
Standard Chartered Bank Vietnam (**)	-	1,875,622	-	-	1,875,622
Current portion of long- term loan (Note 17)					
Standard Chartered Bank (Hong Kong) Limited	-	-	6,269,076	-	6,269,076
	<u>1,929,411</u>	<u>17,956,022</u>	<u>6,269,076</u>	<u>(13,349,655)</u>	<u>12,804,854</u>

(*) The credit facility obtained from Mizuho Bank, Ltd – Ho Chi Minh City Branch with total credit limit of USD 6,500,000 to finance for the working capital. The facility will expire on 31 December 2020. The facility is secured by the Letter of Guarantee issued by Tata Coffee Limited – the owner and bears interest at the rate of 0.55% per annum over the Bank's Cost of Funds. The total outstanding loan payable balance as at 31 March 2020 is USD 4,660,156.

(**) The credit facility obtained from Standard Chartered Bank (Vietnam) Limited with total credit limit of USD 2,500,000 to finance for the working capital. The facility will expire on 31 December 2020. The facility is secured by the Letter of Guarantee issued by Tata Coffee Limited – the owner and bears interest at the rate of 0.9% per annum over the Bank's Cost of Funds. The total outstanding loan payable balance as at 31 March 2020 is USD 1,875,622.

17. LONG-TERM LOANS

	Opening balance USD	Addition during the year USD	Reclassified USD	Payment during the year USD	Closing balance USD
Standard Chartered Bank (Hong Kong) Limited	54,871,670	-	(6,269,076)	-	48,602,594
	<u>54,871,670</u>	<u>-</u>	<u>(6,269,076)</u>	<u>-</u>	<u>48,602,594</u>

On 28 June 2017, the Company has entered into a long-term loan contract with Standard Chartered Bank (Singapore) Limited with total credit limit of USD 12,400,000 to finance its factory construction and acquisition of machineries and equipment. This loan has been withdrawn in installments starting from October 2017 to January 2019 and shall be repayable in eight equal semi-annual instalments from December 2020. This loan bears interest at the rate of six-month LIBOR plus agreed applicable spread. The interest shall be accrued and paid on semi-annual basis. This loan is secured by plant, machineries and the corporate guarantee by the Tata Coffee Limited – the owner. The Company had fully withdrawn with total of USD 12,400,000 until 31 March 2020. Since 13 May 2019, the loan has been transferred and owned by Standard Chartered Bank (Hong Kong) Limited.

On 9 January 2018, the Company has entered into a long-term loan contract with Standard Chartered Bank (Singapore) Limited with total credit limit of USD 42,471,670 to finance its acquisition of machineries and equipment. This loan has been withdrawn in installments starting from March 2018 to December 2018 and shall be repayable in eighteen equal semi-annual instalments from June 2020. This loan bears interest at the rate of six-month LIBOR plus agreed applicable spread. The interest shall be accrued and paid on semi-annual basis. This loan is secured by plant, machineries and the corporate guarantee by the Tata Coffee Limited – the owner and buyer's credit guarantee by EKF, Denmark. The Company had fully withdrawn total of USD 42,471,670 until 31 March 2020. Since 14 August 2019, the loan has been transferred and owned by Standard Chartered Bank (Hong Kong) Limited.

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Long-term loans are repayable as follow:

	<u>Closing balance</u> USD	<u>Opening balance</u> USD
On demand or within one year	6,269,076	-
In the second year	7,819,076	-
In the third to fifth year inclusive	40,783,518	54,871,670
	54,871,670	54,871,670
Less: Amount due for settlement within 12 month (show under current liabilities)	(6,269,076)	-
Amount due for settlement after 12 month	48,602,594	54,871,670

18. OWNER'S EQUITY

Movement of owner's equity

	<u>Owner's contributed capital</u> USD	<u>Accumulated loss</u> USD	<u>Total</u> USD
Prior year's opening balance	6,000,000	(438,961)	5,561,039
Capital contribution	4,500,000	-	4,500,000
Loss for the year	-	(1,156,685)	(1,156,685)
Current year's opening balance	10,500,000	(1,595,646)	8,904,354
Capital contribution	2,000,000	-	2,000,000
Loss for the year	-	(2,172,908)	(2,172,908)
Current year's closing balance	12,500,000	(3,768,554)	8,731,446

Contributed and investment capitals

According to the second amended Investment Registration Certificate No. 5422642151 dated 17 June 2019 issued by the Board of Management of Vietnam - Singapore Industrial Park, the Company's investment and contributed capital are VND 1,518,750,000,000 equivalent to USD 67,500,000 (as at 31 March 2019: VND 1,473,750,000,000 equivalent to USD 65,500,000) and VND 281,250,000,000 equivalent to USD 12,500,000 (as at 31 March 2019: VND 236,250,000,000 equivalent to USD 10,500,000), respectively.

As at 31 March 2020, the contributed capital was fully made by Tata Coffee Limited - the owner as follows:

Contributed Capital

	<u>Closing balance</u>		<u>Opening balance</u>	
	USD	VND equivalent	USD	VND equivalent
Tata Coffee Limited	12,500,000	281,250,000,000	10,500,000	236,250,000,000

19. REVENUE AND COST OF GOODS SOLD

Revenue and cost of goods sold represent revenue and cost of goods sold from selling soluble coffee.

20. PRODUCTION COST BY NATURE

	<u>Current year</u> USD	<u>Prior year</u> USD
Raw materials and consumables	8,026,615	14,036
Labour costs	2,097,266	204,541
Depreciation and amortisation	2,873,628	20,474
Out-sourced service expenses	2,419,885	426,923
Other expenses	1,829,953	114,884
	17,247,347	780,858

21. FINANCIAL INCOME

	Current year USD	Prior year USD
Bank interest	2,974	2,196
Foreign exchange gain	23,875	50,355
	26,849	52,551

22. FINANCIAL EXPENSES

	Current year USD	Prior year USD
Loan interest expenses	2,217,751	6,781
Foreign exchange loss	15,071	7,300
Other fees related to loan	431,523	413,963
	2,664,345	428,044

23. SELLING EXPENSES, GENERAL AND ADMINISTRATION EXPENSES

	Current year USD	Prior year USD
Selling expenses		
Commission fees	86,813	-
Transportation fees	256,614	-
Others	7,047	-
	350,474	-
General and administration expenses		
Salary expenses	293,262	204,541
Rental fees	110,244	185,383
Professional fees	80,723	126,145
Depreciation expenses	103,214	-
Others	261,730	264,789
	849,173	780,858

24. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year USD	Prior year USD
Loss before tax	(2,172,908)	(1,156,685)
Add back:		
- Unrealized foreign exchange (loss)/gain	(1,094)	199
- Non-deductible expenses	266,038	12,831
Tax losses	(1,907,964)	(1,143,655)
Tax rate	15%	15%
Corporate income tax expense	-	-

In accordance with Official Letter No. 18468/CT-TT&HT dated 30 October 2017 issued by Binh Duong Province Tax Department, the Company is obliged to pay corporate income tax at the rate of 15% of its taxable income from processing of agricultural products for the entire project life. The Company is entitled to a corporate income tax exemption for two years from the first profit-making year and a reduction of 50% for the following four years. Should the Company does not have taxable income in the first three years from the first year in which it has turnover from the investment project, the duration of tax exemption and reduction shall be calculated from the fourth year.

No corporate income tax has been provided for the year as the Company has no taxable income.

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As at 31 March 2020, the Company has unused tax losses of USD 3,485,176 (as at 31 March 2019: USD 1,577,212) available for offset against future taxable income.

No deferred tax asset has been recognised in respect of the tax loss due to the uncertainty of sufficient future taxable income for utilisation. This loss can be carried forward for a maximum period of five years from the year it incurred.

The Company's estimated tax losses carried forward will expire according to the following schedule:

Year	Tax loss carry forward USD
2023	433,557
2024	1,143,655
2025	1,907,964
	3,485,176

25. RELATED PARTY TRANSACTIONS AND BALANCES

<u>Related parties</u>	<u>Relationship</u>
Tata Coffee Limited	The owner
Tata Consultancy Services Limited	Company within Tata Group
Tata International Vietnam Company Limited	Company within Tata Group
Tata Uganda Limited	Company within Tata Group

During the year, the Company entered into the following significant transactions with related parties:

	<u>Current year</u> USD	<u>Prior year</u> USD
Purchase of goods and services		
Tata Consultancy Services Limited	1,755	81,284
Tata International Vietnam Company Limited	37,763	3,960
Tata Uganda Limited	246,330	-
	285,848	85,244
Capital contribution		
Tata Coffee Limited	2,000,000	4,500,000
	2,000,000	4,500,000

Remuneration paid to the Company's Board of Directors during the year was as follows:

	<u>Current year</u> USD	<u>Prior year</u> USD
Salary and benefits in kind	259,494	219,980

At the year-end date, the Company have the following balances with related parties:

	<u>Closing balance</u> USD	<u>Opening balance</u> USD
Trade payables		
Tata Consultancy Services Limited	1,755	-
Tata International Vietnam Company Limited	6,561	-
	8,316	-
Capital contributed		
Tata Coffee Limited	12,500,000	10,500,000
	12,500,000	10,500,000

26. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash outflows for acquisition of fixed assets and construction in progress during the year exclude an amount of USD 213,218 (prior year: nil), representing an addition in fixed assets and construction in progress in current year that was paid in advance in prior year. Consequently, changes in receivables have been adjusted by the same amount.

Cash outflows for acquisition of fixed assets and construction in progress during the year include an amount of USD 876,688 (prior year: USD 345,211), representing an addition in fixed assets and construction in progress in prior year that has been paid in current year. Consequently, changes in payables have been adjusted by the same amount.

Cash outflows of interest paid during the year exclude an amount of USD 543,671 (prior year: nil), representing the interest expenses during the year that has not yet been paid. Consequently, changes in payables have been adjusted by the same amount.



Pham Hoai Phuong
Preparer/Chief Accountant



Sudhakar Pathey Jawahar
Deputy General Director



Radhakrishna Tirumala
General Director
13 June 2020

