



VERMA MEHTA & ASSOCIATES

Chartered Accountants

104, Creative Industries Premises, Sunder Nagar, Kalina, Santacruz (East), Mumbai - 400 098.
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To:

The Board of Directors
Godavari Biorefineries Limited
Somaiya Bhavan
45-47 Mahatma Gandhi Road
Fort, Mumbai 400 001

Dear Sirs

We have verified the annexed translated version of the audited financial statements of Godavari Biorefineries B.V. for the financial year ended as at March 31, 2019. These financial statements have been translated by the Company in Indian Rupee in accordance with Ind AS 21 – The Effect of Changes in Foreign Currency Rates. The work carried out by us is in accordance with the Standard on Related Service (SRS) 4400 i.e. “Engagements to perform agreed-upon procedures regarding financial information” issued by the Institute of Chartered Accountants of India.

As required by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulation”) we have verified the translated financial information contained in the Annexures attached to this certificate which is proposed to be uploaded on the website of Godavari Biorefineries Limited in connection with its proposed initial public offering of Equity shares.

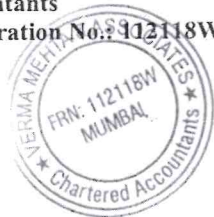
We have not audited the financial statements of Godavari Biorefineries B.V. These financial statements have been audited by other audit firms, whose reports have been furnished to is by Godavari Biorefineries Limited.

The Translated Financials should not in any way be constructed as a reissuance or re-dating of any of the previous audit reports, nor should these be constructed as a new opinion on any of the audited financial statements referred to herein.

These financials are intended solely for use by the management for uploading on website of Godavari Biorefineries Limited in connection with the proposed IPO of the Company. Our certificate should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For Verma Mehta & Associates
Chartered Accountants
ICAI Firm Registration No.: 112118W

Vimlesh Mehta
Partner
Membership No.: 043599
Place: Mumbai
Date: 23/09/2021
UDIN: 21043599AAAAAS3115



GODAVARI BIOREFINERIES B.V. - FINANCIAL STATEMENTS

Financial Statement for the year ended 31 March 2019

Particulars	Notes	31-Mar-19 ₹ In Lakh	31-Mar-18 ₹ In Lakh
Non-current assets			
Property, plant and equipment	5	2	3
		2	3
Current assets			
Receivables	6	121	101
Cash & Cash equivalents	7	325	47
Inventories		-	-
		446	149
		448	152
Equity and liabilities			
Equity			
	8		
Share Capital	9	902	902
Share premium	8	8	8
Accumulated deficits	8	(873)	(961)
Result for the year	8	166	89
Foreign Currency Translation Reserve		1	6
		205	45
Current Liabilities	10	243	107
		448	152
Revenue			
Turnover I sales		470	194
Cost of sales		(454)	(177)
Storage and transport costs		-	1
Commission revenue		339	265
Gross (loss)/profit		355	284
Selling expenses		(104)	(98)
Depreciation Expenses			
General and administrative expenses		(84)	(105)
Total expenses		(187)	(202)
Operating (loss)/profit		168	81
Finance, income and costs	13	2	(10)
(Loss)/Profit before tax		166	91
Income tax expense		-	-
(Loss)/Profit after tax for the year		166	91

Notes to the financial statements

1. General information

1.1 Operations

The operations of Godavari Biorefineries B.V., with its statutory seat in Amsterdam, are mainly comprised of commissions in the field of chemicals, alcohol, sugar and sugar products, agro products and related heavy chemicals, (in)organic, bio-chemical and bio-technical products. The Company issues commission invoices to its shareholder for sales done by the shareholder. The ultimate parent company is Godavari Biorefineries Limited located in Mumbai, India.

1.2 Changes in accounting policies

The accounting policies have not changed in 2018/2019.

1.3 Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company are considered a related party. In addition, statutory directors, other key manage B.V. and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view.

1.4 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. If necessary, for the purposes of providing the view required under Section 362(1), Book 2 of the Netherlands Civil Code, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question.

1.5 Going Concern

The directors of the Company were of the opinion that the existing pattern of business for trading of single product (Ethyl Acetate) was risk prone and would lead to more losses due to market volatility.

The business pattern has reverted to the earlier business process for specialty chemicals & for Ethyl Acetate. The ongoing transactions were completed by January 2017 and the commission business model has been implemented with increased quantum of commission.

The level of shareholder support does include headroom for these uncertainties but actual volatilities have been factored in the assumptions. Based on the developments till date and expected developments, the company have return to a profitable business and that the Going Concern assumption is appropriate.

Therefore the accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the company.

2 Accounting policies for the balance sheet

2.1 General information

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

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or lower realizable value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the notes.

2.2 Foreign currencies

Functional currency

The financial statements are presented in euros, which is the functional and presentation currency of Godavari Biorefineries B.V.

Notes to the financial statements (Contd.)

Transactions, receivables and debts

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at year-end exchange rates are recognised in the income statement.

2.3 Property, plant and equipment

Furniture and fixtures are valued at historical cost, less straight-line depreciation over their estimated useful lives and impairment losses.

2.4 Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. A provision is raised when a trade receivable is considered uncollectable. It is written off against the allowance account for trade receivables.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

2.6 Inventories

Raw materials and consumables are stated at the lower of cost and net realizable value.

Inventories of finished or partially finished goods are stated at the lower of manufacturing price and net realizable value. Manufacturing price comprises all purchase or conversion costs, and other costs incurred in bringing the inventories to their present location and condition. Conversion cost includes direct labour costs and mark-ups for fixed and variable production overheads, including costs of the production planning department, maintenance division and internal logistics.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Net realizable value is determined making allowance for obsolescence of inventories.

Inventory in transit can be specified as material ordered and shipped but not yet received by Godavari Biorefineries B.V. in the port of The Netherlands.

3 Accounting policies for the Income statement

3.1 General information

Profit or loss is determined as the difference between the realizable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are realized.

3.2 Revenue recognition

Sales of goods

Revenue from sales of goods is recognized when all significant risks and rewards incidental to the ownership of the goods have been transferred to the buyer.

Sales of services

Revenue from sales of services is recognized under the percentage-of-completion method based on the services performed to the balance sheet date as a percentage of the total services to be performed.

Notes to the financial statements *(Contd.)*

3.3 Exchange differences

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise.

3.4 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, rebates and discounts.

3.5 Selling expenses, and general and administrative expenses

Selling expenses and general and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods sold.

3.6 Depreciation

Property, plant and equipment are depreciated over their estimated useful lives as from the inception of their use. Land and investment property are not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

Gains and losses on sales of property, plant and equipment are included in depreciation.

3.7 Employee benefits

Short-term employee benefits Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

3.8 Finance income and costs

Interest paid and received

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned.

3.9 Income tax expense

Income tax is calculated on the profit/loss before tax in the income statement, taking into account any losses carried forward from previous financial years and tax-exempt items, and plus non-deductible expenses.

4 Financial instruments and risk management

4.1 Price risk

Godavari Biorefineries B.V. mainly operates in the European Union. The currency risk for Godavari Biorefineries B.V. largely concerns positions and future transactions in US dollars. Management has determined, based on a risk assessment, that these currency risks need not be hedged.

Interest rate and cash flow risk

Godavari Biorefineries B.V. incurs interest rate risk on receivables and cash and on current liabilities.

4.2 Credit risk

Godavari Biorefineries B.V. does not have any significant concentrations of credit risk. Sales are made to customers that meet the Company's credit rating. Goods and services are sold subject to payment deadlines ranging between eight and 30 days. A different payment period may apply to major supplies (90 days), in which case additional securities are demanded, including guarantees.

4.3 Liquidity risk

Godavari Biorefineries B.V. uses several banks in order to avail itself of a range of overdraft facilities. Where necessary, further securities will be furnished to the bank for available overdraft facilities.

Notes to the financial statements (Contd.)

5. Property, plant and equipment

Movements in furniture and fixtures can be broken down as follows:

Furniture & Fixtures-

Particulars	₹ In Lakh
At 1 April 2018	
Cost price	9
Accumulated depreciation	(6)
Carrying amount	3
Movements	
Purchased	-
Depreciated	(1)
Balance	2
At 31 March 2019	
Cost price	9
Accumulated depreciation	(7)
Carrying amount	2
Depreciation rate	20%

6. Receivables

Particulars	31-Mar-19 ₹ In Lakh	31-Mar-18 ₹ In Lakh
Trade receivables	102	80
Other receivables, prepayments and accrued income	20	22
	121	101

Trade receivables

Particulars	31-Mar-19 ₹ In Lakh	31-Mar-18 ₹ In Lakh
Trade receivables	102	115
Provision for doubtful debts	-	(35)
	102	80
Other receivables, prepayments and accrued income		
Security deposits	7	7
Prepayments and accrued income	10	11
VAT	3	4
	20	22

Notes to the financial statements (Contd.)
7. Cash and cash equivalents

This item in the cash flow statement is comprised as follows:

Particulars	31-Mar-19 ₹ In Lakh	31-Mar-18 ₹ In Lakh
Bank balances	325	47

All bank balances are at the company's free disposal.

8. Equity

Issued share capital share premium other reserves

Particulars	Issued & paid up share capital	Share Premium	Retained	Total
At 01 April 2018	902	8	(871)	38
Changes	-	-	166	166
Profit Appropriation	-	-	-	-
At 31 March 2019	902	8	(705)	205

9. Share capital

Issued share capital share premium other reserves

Particulars	Issued & paid up share capital	Share Premium
The share capital consists of 1,217,761 ordinary shares of Euro 1 each	902	902
	902	902

10. Current liabilities

Particulars	31-Mar-19 ₹ In Lakh	31-Mar-18 ₹ In Lakh
Trade payables	131	58
Receivable	-	-
Payroll tax	5	4
Other debts, accruals and deferred income	13	9
Loan from Cayuga Investments B.V.	24	37
Advance from Cayuga Investments B.V.	71	-
	243	107

11. Contingent liabilities

The company has contracted annual rent obligations for its office space at Haarlem. The annual rent amounts to ₹ 28.14 lakhs and has a termination period of 12 months.

12. Payroll expenses

Particulars	31-Mar-19 ₹ In Lakh	31-Mar-18 ₹ In Lakh
Salaries and wages	95	93
Social security contributions	8	10
	104	103

The above employee benefits expense is included in cost of sales and selling expenses and general and administrative expenses, depending on the activities of the employees in question.

Notes to the financial statements (Contd.)

13. Finance Income and (costs)

Particulars	2018-19 ₹ In Lakh	2017-18 ₹ In Lakh
Interest and similar expense	3	(0)
Foreign exchange differences	(2)	(10)
	2	(10)

14. Income Tax Expense

A profit was realized in the amount of ₹ 1.63 lakhs due to the compensable losses of previous years there is no income tax payable for the year 2018/19

Particulars	2018-19 ₹ In Lakh	2017-18 ₹ In Lakh
(loss) profit before tax	166	91
income tax expense	-	-

15. Board of Directors' remuneration

Particulars	2018-19 ₹ In Lakh	2017-18 ₹ In Lakh
Current Board of Directors	84	105

The directors' remuneration includes periodically paid remuneration, such as salaries, holiday allowance and social premiums, remuneration to be paid after a certain term, such as pension, allowances on termination of employment, profit sharing and bonus payments.

16. Average number of employees

During the year only one employee is on the payroll

17. Events after the balance sheet date

No events of any material nature occurred after the balance sheet date of this report.

Haarlem, The Netherlands,

Godavari Biorefineries B.V.

Board of Directors

Prajesh M. Mistry

S. G. Mokashi

C. W. Faber

Notes to the financial statements *(Contd.)*

Other information

Profit appropriation according to the Articles of Association

According to the article of Association the annual net profit is at free disposal of the annual shareholders meeting. Dividends can only be declared with due observance of the company's articles of association and to the extent that the company's capital exceeds the paid in and called up capital, increased by the reserves that must be maintained in accordance with the law or its articles of association.

Proposed profit appropriation

The Board of Directors proposes to add the profit for the year to the accumulated deficit. The profit appropriation is reflected in these financial statements.