

KAHUTARA HOLDINGS LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

KAHUTARA HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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KAHUTARA HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Augusta Christopoulou - Mesaritis
Lakshmanan Krishnakumar
Arta Antoniou
Robert Audas (appointed on 18 August 2014)
Maroulla Georgiou (appointed on 26 February 2015)
Natalia Zhukova (resigned on 18 August 2014)
Ioannis Ioannidis (resigned on 26 February 2015)

Company Secretary:

A.T.S. Services Limited
Arch. Makariou III, 2-4
CAPITAL CENTER, 9th Floor
P.C. 1065, Nicosia, Cyprus

Registered office:

Arch. Makarios III, 2-4
Capital Center, 9th Floor
1065 Nicosia
Cyprus

Registration number:

216538

KAHUTARA HOLDINGS LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of Kahutara Holdings Limited (the "Company") for the year ended 31 March 2015.

Incorporation

The Company was incorporated in Cyprus on 18 December 2007 as a private limited liability Company under the Cyprus Companies Law, Cap. 113.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding and management of investments.

Review of the development and current position of the Company and description of the major risks and uncertainties

The Company's development to date, financial results and position as presented in the financial statements are as expected.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in notes 3 and 15 of the financial statements.

Results

The Company's results for the year are set out on page 6. The loss for the year is carried forward.

Dividends

The Board of Directors does not recommend the payment of a dividend.

Expected future developments of the Company

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

Branches

The Company did not operate through any branches during the year.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Company's Board of Directors as at 31 March 2015 and at the date of this report are presented on page 1. On 18 August 2014 Mrs Natalia Zhukova resigned and on the same day Mr Robert Audas was appointed in her place. Also, on 26 February 2015 Mr Ioannis Ioannidis resigned and on the same day Mrs Maroulla Georgiou was appointed in his place.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Significant events after the end of the financial year

Any significant events that occurred after the end of the reporting period are described in note 18 to the financial statements.

KAHUTARA HOLDINGS LIMITED

REPORT OF THE BOARD OF DIRECTORS

Independent Auditors

The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,


Lakshmanan Krishnakumar
Director

Nicosia, 22 May 2015



Independent auditor's report **To the Members of Kahutara Holdings Limited**

Report on the financial statements

We have audited the accompanying financial statements of the parent company Kahutara Holdings Limited (the "Company"), which comprise the balance sheet as at 31 March 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, 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 of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International 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 auditor's 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 auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity'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 give a true and fair view of the financial position of parent company Kahutara Holdings Limited as at 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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PricewaterhouseCoopers Ltd is a member firm of PricewaterhouseCoopers International Ltd, each member firm of which is a separate legal entity. PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No. 143594). A list of the company's directors including for individuals the present name and surname, as well as any previous names and for legal entities the corporate name, is kept by the Secretary of the company at its registered office at 3 Themistocles Dervis Street, 1065 Nicosia and appears on the company's web site. Offices in Nicosia, Limassol and Paphos.



Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

A handwritten signature in blue ink, appearing to read 'Yi Kaponides', written in a cursive style.

Yiangos Kaponides
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 22 May 2015

KAHUTARA HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 US\$	2014 US\$
Administration expenses		(43,686)	(95,569)
Impairment of investment in subsidiary	7	<u>(21,933,371)</u>	-
Operating loss		(21,977,057)	(95,569)
Net finance costs	5	<u>(1,052,725)</u>	(793,450)
Loss before tax		(23,029,782)	(889,019)
Income tax credit / (charge)	6	<u>(119)</u>	47
Net loss for the year		(23,029,901)	(888,972)
Other comprehensive income		<u>-</u>	-
Total comprehensive loss for the year		<u>(23,029,901)</u>	(888,972)

The notes on pages 10 to 25 form an integral part of these financial statements.


KAHUTARA HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION 31 MARCH 2015

	Note	2015 US\$	2014 US\$
ASSETS			
Non-current assets			
Investments in subsidiaries	7	<u>25,132,440</u>	47,065,811
		<u>25,132,440</u>	<u>47,065,811</u>
Current assets			
Trade and other receivables	8	57,742	212,697
Cash and cash equivalents	9	<u>2,478</u>	<u>326,892</u>
		<u>60,220</u>	<u>539,589</u>
Total assets		<u>25,192,660</u>	<u>47,605,400</u>
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	10	20,000	20,000
Share premium	10	23,471,231	23,471,231
(Accumulated losses) /retained earnings		<u>(16,650,466)</u>	<u>6,379,435</u>
Total equity		<u>6,840,765</u>	<u>29,870,666</u>
Non-current liabilities			
Borrowings	11	-	16,464,690
Loans from related company	14	<u>16,869,025</u>	<u>511,512</u>
		<u>16,869,025</u>	<u>16,976,202</u>
Current liabilities			
Trade and other payables	12	283,516	292,173
Borrowings	11	-	70,910
Loans from related company	14	1,199,319	395,388
Current tax liabilities	13	<u>35</u>	<u>61</u>
		<u>1,482,870</u>	<u>758,532</u>
Total liabilities		<u>18,351,895</u>	<u>17,734,734</u>
Total equity and liabilities		<u>25,192,660</u>	<u>47,605,400</u>

On 22 May 2015 the Board of Directors of Kahutara Holdings Limited authorised these financial statements for issue.


.....
Lakshmanan Krishnakumar
Director


.....
Robert Audas
Director

The notes on pages 10 to 25 form an integral part of these financial statements.

KAHUTARA HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Share capital US\$	Share premium US\$	Accumulated (losses)/ retained earnings US\$	Total US\$
Balance at 1 April 2013	20,000	23,471,231	7,268,407	30,759,638
Comprehensive income				
Net loss for the year	-	-	(888,972)	(888,972)
Balance at 31 March 2014/ 1 April 2014	20,000	23,471,231	6,379,435	29,870,666
Comprehensive income				
Net loss for the year	-	-	(23,029,901)	(23,029,901)
Balance at 31 March 2015	20,000	23,471,231	(16,650,466)	6,840,765

Share premium is not available for distribution.

The notes on pages 10 to 25 form an integral part of these financial statements.

KAHUTARA HOLDINGS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 US\$	2014 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(23,029,782)	(889,019)
Adjustments for:			
Unrealised exchange (profit)		(639)	(41)
Impairment charge	7	21,933,371	-
Interest income	5	(48)	(353)
Interest expense	5	893,775	680,554
Amortisation of loan expenses		154,683	50,329
Loan facility expenses		-	57,627
Cash flows used in operations before working capital changes		(48,640)	(100,903)
Decrease/(increase) in trade and other receivables		271	(67)
(Decrease)/increase in trade and other payables		(8,657)	8,602
Cash flows used in operations		(57,026)	(92,368)
Tax paid		(145)	(398)
Net cash flows used in operating activities		(57,171)	(92,766)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional investment in subsidiaries	7	-	(39,674)
Interest received		48	353
Dividends received	7	-	236,000
Net cash flows from investing activities		48	196,679
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of bank borrowings		(16,464,690)	(2,161,730)
Proceeds from loans from related parties	14.3	17,066,416	392,000
Unrealised exchange profit		639	41
Interest paid		(869,643)	(680,312)
Loan facility expenses		-	(57,627)
Interest on taxes		(13)	(35)
Net cash flows used in financing activities		(267,291)	(2,507,663)
Net decrease in cash and cash equivalents		(324,414)	(2,403,750)
Cash and cash equivalents:			
At beginning of the year		326,892	2,730,642
At end of the year	9	2,478	326,892

The notes on pages 10 to 25 form an integral part of these financial statements.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. Incorporation and principal activities

Country of incorporation

The Company Kahutara Holdings Limited (the "Company") was incorporated in Cyprus on 18 December 2007 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Arch. Makarios III, 2-4, Capital Center, 9th Floor, 1065 Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding and management of investments.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 April 2014 and relevant to the Company have been adopted by the EU through the endorsement procedure established by the European Commission.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the indirect parent company Tata Global Beverages Group Limited prepares consolidated financial statements in accordance with Generally Accepted Accounting Principles in the UK and the Company does not intend to issue consolidated financial statements for the year ended 31 March 2015. A copy of the consolidated financial statements is available to the members, at Park View, 82 Oxford Road, Uxbridge, Middlesex, England, UB8 1UX, United Kingdom.

Since the 7th Directive of the European Union permits the preparation of consolidated financial statements in accordance with the Directive or in a manner equivalent to the Directive, and since the Cyprus Companies Law, Cap. 113, provides the aforementioned exemption, the provisions of International Accounting Standard 27 "Consolidated and Separate Financial Statements" that require the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The critical accounting judgements are disclosed in Note 17.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

2. Significant accounting policies (continued)

Going concern

In assessing the Company's status as a going concern the Directors considered the current intentions and financial position of the Company. Although the Company had net current liabilities at 31 March 2015 and a net loss for the year then ended, the Directors have considered a Letter of Support dated 8 May 2015 obtained from Tata Global Beverages Investments Limited, the Company's indirect parent company. Under this letter, the indirect parent company confirmed that it will continue to make available to the Company such funds and financial support as may be agreed from time to time to enable the Company to meet its obligations as they fall due (for a period not less than thirteen months from the date of the Letter) and to enable the Company to carry on its business as going concern. The Directors, therefore, consider that the Company will continue as a going concern and the financial statements as appropriately prepared on a going concern basis.

Adoption of new and revised IFRSs

In the current year, the Company has adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 April 2014. The adoption of these Standards did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014, and have not been applied in preparing these financial statements. None of these are expected to have significant effect on the financial statements of the Company.

Subsidiary companies

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Interest recognition**

Interest Income is recognised on a time-proportion basis using the effective interest method.

- **Dividend Income**

Dividend Income is recognized when the right to receive payment is established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time 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 borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

2. Significant accounting policies (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non financial assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in (US\$), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Current tax liabilities and assets for the current period are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been declared, or substantively enacted, by the date of the Statement of Financial Position in the country where the entity operates and generates taxable income.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Statement of Financial Position in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

2. Significant accounting policies (continued)

Financial instruments (continued)

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs (see above).

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

3. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk and liquidity risk. The Company's management does not have a formal policy to manage the risks at the entity level as they are managed centrally at the Group level. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest bearing assets. The Company is exposed to interest rate risk in relation to its non current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest bearing financial instruments was:

	2015 US\$	2014 US\$
Variable rate instruments		
Financial liabilities	<u>18,068,344</u>	<u>17,442,500</u>
	18,068,344	17,442,500

Sensitivity analysis

The financial liabilities issued at variable rates bear an interest of 3 months LIBOR plus a margin between 5.25% and 5.50% (2014: a margin between 3.25% and 5.50%). An increase of 100 basis points in the 3 months LIBOR at 31 March 2015 would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	Impact on Profit or loss	
	2015 US\$	2014 US\$
Variable rate instruments	<u>180,683</u>	<u>175,246</u>
	180,683	175,246

3.2 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. Cash balances are mainly held with high credit quality financial institutions, the credit quality of which is disclosed in Note 9.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015 US\$	2014 US\$
Cash at bank (Credit rating Caa3 (2014: Caa3))	2,478	11,209
Short-term deposits (Credit rating Aa2 (2014:Aa2))	-	315,683
Receivables from related companies	<u>54,000</u>	<u>54,000</u>
	56,478	380,892

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

3. Financial risk management (continued)

3.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 March 2015	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	Between 3-12 months US\$	Between 1-5 years US\$	More than 5 years US\$
Trade and other payables	283,516	283,516	283,516	-	-	-
Loan from parent	1,199,319	1,199,319	1,199,319	-	-	-
Loans from related company	16,869,025	20,369,369	235,989	-	20,133,380	-
	18,351,860	21,852,204	1,718,824	-	20,133,380	-
31 March 2014	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	Between 3-12 months US\$	Between 1-5 years US\$	More than 5 years US\$
Bank loans	16,535,600	18,994,050	151,755	470,610	13,339,691	5,031,994
Trade and other payables	292,173	292,173	292,173	-	-	-
Loans from parent	395,388	395,388	395,388	-	-	-
Loans from related company	511,512	696,655	-	-	696,655	-
	17,734,673	20,378,266	839,316	470,610	14,036,346	5,031,994

3.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

Fair value estimation

The carrying values of financial assets and liabilities are assumed to approximate their fair values.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

4. Expenses by nature

	2015	2014
	US\$	US\$
Legal fees	8,773	45,386
Accounting fees	13,435	19,392
Auditors' remuneration	3,793	7,656
Other professional fees charged by the auditors	9,290	2,884
Irrecoverable VAT	6,710	10,528
Other expenses	1,685	9,723
Total administration expenses	43,686	95,569

5. Finance income/cost

	2015	2014
	US\$	US\$
Finance income		
Interest income	48	353
Unrealised exchange profit	639	41
	687	394

Finance costs

Interest expense

Loan interest from bank borrowings	239,906	648,707
Amortisation of loan expenses	154,683	50,329
Interest on loan from related company (Note 14)	653,856	31,812
Interest on taxes	13	35

Sundry finance expenses

Bank charges	4,819	4,305
Other finance expenses	-	57,627

Net foreign exchange transaction losses

Realised exchange loss	135	1,029
	1,053,412	793,844

6. Tax

	2015	2014
	US\$	US\$
Defence contribution - current year	(47)	47
Defence contribution - prior years	166	(94)
Charge/(credit) for the year	119	(47)

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

6. Tax (continued)

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2015 US\$	2014 US\$
Loss before tax	<u>(23,029,782)</u>	<u>(889,019)</u>
Tax calculated at the applicable tax rates	(2,878,723)	(111,127)
Tax effect of expenses not deductible for tax purposes	2,745,112	15,394
Tax effect of allowances and income not subject to tax	(1)	(44)
Tax effect of losses surrendered to group companies	31,604	-
Tax effect of tax loss for the year for which no deferred tax asset was recognised	102,008	95,777
Defence contribution current year	(47)	-
Prior year tax	<u>166</u>	<u>(47)</u>
Tax charge	<u>119</u>	<u>(47)</u>

The Company is subject to income tax on taxable profits at the rate of 12.5%.

Under certain conditions interest income may be exempt from income tax and be subject only to defence contribution at the rate of 30% (2014:30%).

In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

7. Investments in subsidiaries

	2015	2014
	US\$	US\$
Balance at 1 April	47,065,811	47,026,137
Additions	-	39,674
Impairment charge	(21,933,371)	-
Balance at 31 March	25,132,440	47,065,811

The details of the direct subsidiary, which is unlisted, are as follows:

<u>Name</u>	<u>Place of business and country of incorporation</u>	<u>Principal activities</u>	2015 Holding %	2014 Holding %
Suntycy Holding Limited	Cyprus	Holding shares in Companies trading in tea and coffee	100	100

The method used to account for investments in subsidiaries is the cost method.

During 2009, the Company purchased a 51% shareholding in Suntycy Holding Ltd. Under the shareholders' agreement, the Company and the seller had joint control over Suntycy Holding Ltd, since any key strategic financial and operating decisions relating to Suntycy Holding Ltd, required the consent of both shareholders or their representatives. As a result, the investment in Suntycy Holding Ltd was accounted for as an investment in a joint venture.

During August 2012, the Company acquired the remaining 49% shares in Suntycy Holding Limited for an amount of USD\$ 20.278 million from Celeste Assets Limited exercising the call option rights to the Company under the shareholders' agreement. The valuation was as per the agreed formula in the shareholders' agreement for Suntycy Holding Limited. As a result of this purchase, Suntycy Holding Limited became a 100% subsidiary of the Company with effect from 14 August 2012 and has been accounted for as a subsidiary within the books of the Company since the date of purchase of the remaining 49% holding. In addition expenses incurred in relation to this purchase of US\$662,503 have been capitalised as part of the cost of investment.

During the current year an impairment of US\$21,933,371 was recognised. Given the current economic scenario, there was significant amount of depreciation in Rouble, accompanied by interrelated adverse movement and spike in the interest rate in Russia which resulted in a higher WACC at the end of the year and has significantly influenced the impairment of the investments carried in USD at historic cost. An improvement in the economic situation and interest rates would improve the WACC and thus allow reversal of the impairment in the future. According to the accounting standards, for the purpose of impairment test the prevailing WACC and Rouble rates have been applied. The WACC used for the impairment test was 18.1% and the exchange rate used to convert the expected cash flows from Russian Roubles to USD was RUB 50 to US\$1.

During the year ended 31 March 2015, the subsidiary did not declare a dividend (2014: US\$Nil).

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

8. Trade and other receivables

	2015	2014
	US\$	US\$
Receivables from own subsidiaries (Note 14)	54,000	54,000
Deposits and prepayments	3,742	158,697
	<u>57,742</u>	<u>212,697</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

As at 31 March 2015, no trade and other receivables were past due, and none are considered to be impaired.

The maximum exposure to credit risk at the date of the Statement of Financial Position is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

The carrying amount of trade and other receivables are denominated in US Dollars.

9. Cash and cash equivalents

For the purposes of the financial position and the cash flow statements, the cash and cash equivalents include the following:

	2015	2014
	US\$	US\$
Cash at bank (Credit rating Caa3 (2014: Caa3))	2,478	11,209
Short-term deposit (Credit rating Aa2 (2014: Aa2))	-	315,683
	<u>2,478</u>	<u>326,892</u>

Short term deposits have a maturity of 90 days.

Cash and cash equivalents are denominated in US Dollars.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

10. Share capital

	2015 Number of shares	2015 US\$	2014 Number of shares	2014 US\$
Authorised				
Ordinary class A shares of US\$1 each	13,000	13,000	13,000	13,000
Ordinary class B shares of US\$1 each	7,000	7,000	7,000	7,000
	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Issued and fully paid				
Ordinary "A" shares-				
Balance at 1 April	13,000	13,000	13,000	13,000
Balance at 31 March	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>
Ordinary "B" shares-				
Balance at 1 April	7,000	7,000	7,000	7,000
Balance at 31 March	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
Total at 31 March		<u>20,000</u>		<u>20,000</u>

Authorised capital

On the 30 July 2012 the Company increased its authorised share capital by US\$10,000 divided in to 10,000 ordinary "A" shares of nominal value of US\$1 each. After the increase the authorised share capital was 16,500 ordinary "A" shares of US\$1 each and 3,500 ordinary "B" shares of US\$1 each. On 13 March 2013 the authorised share capital was reclassified so that the US\$20,000 authorised share capital was divided in to 13,000 ordinary "A" shares and 7,000 ordinary "B" shares. The rights of shares A and B are defined in the Memorandum and Articles of the Company. Class A shares are entitled to an additional preferential dividend of US\$7,825,000 before any dividends are to be paid to both classes pro-rata. Dividends over and above such preferential dividend are distributed to the shareholders based on their percentage holding.

Issued capital

On 30 July 2012, the Company issued 10,000 ordinary "A" shares of nominal value US\$1 each and in March 2013, 3,500 of these shares were converted to ordinary "B" shares. At the year end the issued share capital was 13,000 ordinary "A" shares of nominal value US\$1 and 7,000 ordinary "B" shares of nominal value US\$1.

Share Premium

When the Company issues shares at a premium, a sum equal to the aggregate of the premiums on those shares is transferred to an account called 'Share premium'.

Share premium account can only be utilised for limited purposes, which does not include the distribution of dividends, and is otherwise subject to the provision of the Cyprus Companies Law on reduction of share capital.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

11. Borrowings

	2015	2014
	US\$	US\$
Current borrowings		
Bank loans	-	70,910
Non current borrowings		
Bank loans	-	16,464,690
Total	-	16,535,600
Maturity of non-current borrowings:		
	2015	2014
	US\$	US\$
Between two and five years	-	16,464,690

Bank loans consist of two facilities whereby the original facility (USD\$ 13.345 million) drawn down in August 2009 and a second facility (USD\$ 10.139 million) drawn down in August 2012. These two loans are denominated in USD and the final repayment dates were August 2016 and August 2017, respectively. Interest and Principal repayments are made on a quarterly basis and there was an initial 15 month moratorium on the repayments of the two facilities. The original facility has an interest rate of 3 month LIBOR plus 3.25% per annum margin and the second facility interest rate was 3 month LIBOR plus 3.5% per annum margin.

In March 2014, the Company renegotiated the terms of the two facilities, combined, with the Bank. Whereby the final repayment date was extended to November 2019 and the applicable interest rate was changed to 3 month LIBOR plus 3.5% per annum margin. Interest and principal repayments are made on a quarterly basis and there is an initial period to May 2015 moratorium on the repayment of the principal amount.

The bank loans are secured by a pledge on the Company's 100% shareholding in the subsidiary company, Suntyco Holding Limited, a pledge of shares in the Company (13,000 Class A shares) owned by the parent company, Campestras Holdings Limited, a guarantee by the Company to maintain a debt service reserve accounts (DSRA) with necessary funds for the repayment and interest due for the following six months period at a point in time, which can be utilised by the lenders if the Company does not meet its obligations on repayment of principal and interest on time and a corporate guarantee by the beneficial owner, Tata Global Beverages Investments Limited, incorporated in the UK, to meet the Company's obligations in accordance with the facility agreement, with respect to the repayment of due principal and interest amounts. Prior to the renegotiation this corporate guarantee was provided by Tata Global Beverages Ltd, incorporated in India.

In February 2014 the Company informed the loan facility agent about certain aspects of the Company's projected financial results for the year ended 31 March 2014 that reflect financial performance below the Company's previous projections and which could indicate a potential breach in certain financial covenants as determined in the loan facility agreement. On 30 April 2014, the lenders, the loan facility agent, and the security agent have issued a waiver letter whereby it was agreed that the compliance requirement arising from the potential event of default and the acceleration rights for the reporting period ended 31 March 2014 are waived.

In August 2014, the Company fully repaid the Bank borrowings and the pledges and corporate guarantees provided to the Bank as security were released. To fund the repayment of the Bank borrowings, the Company entered into an inter-company loan facility with Tata Global Beverages Investments Limited (Note 14).

The carrying amount of bank borrowings approximate their fair value.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

12. Trade and other payables

	2015	2014
	US\$	US\$
Payables to parent (Note 14)	272,865	272,865
Accruals	5,487	8,589
Other creditors	5,164	10,719
	<u>283,516</u>	<u>292,173</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

The carrying amounts of trade and other payables are denominated in the following currencies:

	2015	2014
	US\$	US\$
US Dollar	272,865	272,865
Euro	10,651	19,308
	<u>283,516</u>	<u>292,173</u>

13. Current tax liabilities

	2015	2014
	US\$	US\$
Special contribution for defence	35	61
	<u>35</u>	<u>61</u>

14. Related party transactions

The Company is controlled by Campestres Holdings Limited, incorporated in Cyprus, which owns 65% of the Company's shares. The remaining 35% is controlled by the European Bank for Reconstruction and Development. The ultimate controlling party is Tata Global Beverages Ltd, incorporated in India.

The following transactions were carried out with related parties:

14.1 Interest expense

	2015	2014
	US\$	US\$
Campestres Holdings Limited	40,515	3,388
Tata Global Beverages Investments Limited	613,341	28,424
	<u>653,856</u>	<u>31,812</u>

14.2 Receivables from subsidiary (Note 8)

	2015	2014
	US\$	US\$
Suntyco Holding Ltd.	54,000	54,000
	<u>54,000</u>	<u>54,000</u>

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

14. Related party transactions (continued)

14.3 Loans payable to related parties

	2015 US\$	2014 US\$
Campestres Holdings Limited	1,199,319	395,388
Tata Global Beverages Investments Limited	16,869,025	511,512
	<u>18,068,344</u>	<u>906,900</u>

On 27 January 2014, the Company, as Borrower, entered into an inter-company loan agreement with its parent Campestres Holdings Limited, as Lender, for a revolving credit facility of up to US\$ 1.2million. This loan bears interest at LIBOR plus 5.5% margin per annum and is repayable on demand. The loan is subordinated to the Company's bank borrowings and the loan was obtained for the purpose of funding a debt service repayment account in connection to the bank facility (Note 11). During the year US\$ 763,416 (2014: US\$ 392,000) was drawn down against this loan facility and interest accrued of US\$ 40,515 (2014: US\$ 3,388).

The Company has two loan facilities from Tata Global Beverages Investments Limited, holding company of the Company's parent entity. The first facility bears interest at 3 month LIBOR plus 5.25% margin per annum (2014: 3 month LIBOR plus 5.25% margin per annum), is unsecured and is repayable on demand. In August 2014, the Company entered into another inter-company loan agreement with Tata Global Beverages Investments Limited that bears interest at ICE LIBOR rate plus 5.50% margin per annum. The loan is repayable by September 2019 with the option to the Company for early repayment at an amount of not less than US\$1,000,000. The purpose of the loan was to fully repay the Bank borrowings of the Company (Note 11).

The weighted average effective interest rate at the statement of financial position date is 5.56% (2014: 5.56%).

14.4 Shareholders' current accounts - credit balances (Note 12)

	2015 US\$	2014 US\$
Campestres Holdings Limited	272,865	272,865
	<u>272,865</u>	<u>272,865</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

15. Contingent liabilities

Russian operating environment

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During 2014 the Russian economy was negatively impacted by a decline in oil prices and ongoing political tension in the region and international sanctions against certain Russian companies and individuals. As a result during 2014:

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

15. Contingent liabilities (continued)

- the CBRF exchange rate fluctuated between RUB 35.6053 and RUB 58.4643 per USD;
- the CBRF key interest rate increased from 5.5% p.a. to 17.0% p.a. including an increase from 12.0% p.a. to 17.0% p.a. on 16 December 2014;
- the RTS stock exchange index ranged between 1,256 and 880;
- access to international financial markets to raise funding was limited for certain entities; and
- capital outflows increased compared to prior years.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Subsequent to 31 March 2015:

- the CBRF exchange rate fluctuated between RUB 57.65 per USD and RUB 50.7511 per USD;
- Russia's credit rating was downgraded by Fitch Ratings in January 2015 to BBB-, whilst Standard & Poor's cut it to BB+, putting it below investment grade for the first time in a decade. In February 2015 Moody's Investors Service downgraded Russia's rating to Ba1 from Baa3. Fitch Ratings still have Russia as investment grade. However, all these rating agencies indicated a negative outlook, meaning further downgrades are possible;
- the RTS stock exchange index ranged between 910 and 1,060;
- bank lending activity decreased as banks are reassessing the business models of their borrowers and their ability to withstand the increased lending and exchange rates; and
- the CBRF key interest rate increased from 17.0% p.a. to 12.5% p.a.

These events may have a further significant impact on the Company's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Company's operations may differ from management's current expectations.

16. Commitments

The Company had no capital or other commitments as at 31 March 2015.

17. Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Impairment of investments in subsidiaries**

The Company follows the guidance of IAS39 and IAS 36 to determine whether the investment is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The Company has performed an impairment assessment of its investment in its subsidiary as at 31 March 2015 as described in Note 7. The recoverable amount of the investment was estimated based on fair value less cost to sell estimates. The fair value was estimated using cash flow projections of the underlying business discounted in present value based on the management's business model. The critical assumptions applied in the cash flow projections are the growth rate of 4% for the Russian region and discount rate of 18.1%. The cash flows in Russian Roubles were translated to US\$ using the rate RUB50 to US\$1. If the growth rate reduced from 4% to 1.9%, and the discount rate reduced from 18.1% to 16.6%, the impact on the recoverable amounts is not significant.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

18. Significant events after the end of the financial year

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent Auditor's report on pages 4 and 5

KAHUTARA HOLDINGS LIMITED

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	Page	2015 US\$	2014 US\$
Operating expenses			
Administration expenses	27	<u>(43,686)</u>	(95,569)
		(43,686)	(95,569)
Other operating expenses			
Impairment charge - investments in subsidiaries		<u>(21,933,371)</u>	-
Operating loss		(21,977,057)	(95,569)
Finance income	28	687	394
Finance costs	28	<u>(1,053,412)</u>	(793,844)
Net loss for the year before tax		<u>(23,029,782)</u>	(889,019)

KAHUTARA HOLDINGS LIMITED

OPERATING EXPENSES FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	US\$	US\$
Administration expenses		
Annual levy	437	-
Auditors' remuneration	3,793	7,656
Other professional fees charged by the auditors	9,290	2,884
Accounting fees	13,435	19,389
Legal fees	8,773	45,386
Stamp duty	-	7,070
Irrecoverable VAT	6,710	10,528
Disbursement fees	1,248	2,656
	43,686	95,569

KAHUTARA HOLDINGS LIMITED

FINANCE INCOME/COST FOR THE YEAR ENDED 31 MARCH 2015

	2015 US\$	2014 US\$
Finance income		
Bank interest	48	353
Unrealised exchange profit	<u>639</u>	<u>41</u>
	<u>687</u>	<u>394</u>
Finance costs		
Interest expense		
Loan interest	239,906	648,707
Amortisation of loan expenses	154,683	50,329
Interest on loan from related company	653,856	31,812
Interest on overdue taxation	13	35
Sundry finance expenses		
Bank charges	4,819	4,305
Other finance expenses	-	57,627
Net foreign exchange transaction losses		
Realised exchange loss	<u>135</u>	<u>1,029</u>
	<u>1,053,412</u>	<u>793,844</u>

