

**SUNTYCO HOLDING LTD**

**FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

# **SUNTYCO HOLDING LTD**

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## **FINANCIAL STATEMENTS** for the year ended 31 March 2020

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# SUNTYCO HOLDING LTD

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Lakshmanan Krishnakumar  
Artemis Orfanidou Kleanthous (Appointed 21/05/2019)  
Stefani Orfanidou (Appointed 21/05/2019)  
Manesh Thakrar (Appointed 31/5/2018)  
Nina Iosif (Appointed 21/05/2019)  
Arta Antoniou (Resigned 21/05/2019)  
Elizabeth Righas (Resigned 21/05/2019)  
Maroulla Georgiou (Resigned 21/05/2019)  
Tamara Tosic (Resigned 14/02/2020)  
Spyridon Hadjinicolaou (Resigned 14/02/2020)

**Company Secretary:**

A.T.S. Services Limited

**Independent Auditors:**

Deloitte Limited  
Certified Public Accountants and Registered Auditors  
Maximos Plaza, Tower 1, 3rd Floor  
213 Arch Makariou III Avenue  
CY-3030 Limassol  
Cyprus

**Registered office:**

2-4 Arch. Makariou III Avenue  
Capital Center, 9th Floor  
CY-1065 Nicosia  
Cyprus

**Bankers:**

Hellenic Bank Public Company Limited

**Registration number:**

HE216097

## Independent Auditor's Report

### To the Members of Suntyco Holding Ltd

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Suntyco Holding Limited (the "Company"), which are presented in pages 5 to 24 and comprise the statement of financial position as at 31 March 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 4 to the financial statements, which indicates that, although the Company incurred a net profit of US\$350,084 during the year ended 31 March 2020, as of that date, the Company's current liabilities exceeded its current assets by US\$9,892,693. As stated in Note 4, these events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



## **Independent Auditor's Report (continued)**

### **To the Members of Suntyco Holding Ltd**

#### **Responsibilities of the Board of Directors 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Independent Auditor's Report (continued)**

**To the Members of Suntyco Holding Ltd**

### **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 69 of the Auditors Law of 2017 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.



.....  
Alexis Agathocleous  
Certified Public Accountant and Registered Auditor  
for and on behalf of

**Deloitte Limited**  
**Certified Public Accountants and Registered Auditors**

Limassol, 8 May 2020

## SUNTYCO HOLDING LTD

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 March 2020

	Note	2020 US\$	2019 US\$
Dividend income		388,347	-
Other operating income		-	26,000
Administration expenses		(53,580)	(30,288)
Net impairment profit/(loss) on financial assets	7	18,997	(384,555)
Finance income	9	-	125,445
Finance costs	9	(3,680)	(884,374)
<b>Profit/(loss) before tax</b>		<b>350,084</b>	<b>(1,147,772)</b>
Tax	10	-	-
<b>Net profit/(loss) for the year</b>		<b>350,084</b>	<b>(1,147,772)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive profit /(loss) for the year</b>		<b>350,084</b>	<b>(1,147,772)</b>

The notes on pages 9 to 24 form an integral part of these financial statements.

# SUNTYCO HOLDING LTD

## STATEMENT OF FINANCIAL POSITION


31 March 2020

	Note	2020 US\$	2019 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	11	<u>1,087,983</u>	<u>1,087,983</u>
		<u>1,087,983</u>	<u>1,087,983</u>
<b>Current assets</b>			
Trade and other receivables	12	<u>18,749</u>	<u>13,047</u>
Refundable taxes	17	<u>117,561</u>	<u>119,939</u>
Cash and cash equivalents	13	<u>30,042</u>	<u>302,260</u>
		<u>166,352</u>	<u>435,246</u>
<b>Total assets</b>		<u>1,254,335</u>	<u>1,523,229</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	<u>69,118</u>	<u>69,118</u>
Share premium		<u>15,092,128</u>	<u>15,092,128</u>
Translation reserves		<u>(7,273,968)</u>	<u>(7,273,968)</u>
Accumulated losses /Retained earnings		<u>(16,691,989)</u>	<u>(17,042,073)</u>
<b>Total equity</b>		<u>(8,804,711)</u>	<u>(9,154,795)</u>
<b>Current liabilities</b>			
Trade and other payables	16	<u>767,312</u>	<u>210,290</u>
Loans payable	15	<u>9,291,734</u>	<u>10,467,734</u>
<b>Total liabilities</b>		<u>10,059,046</u>	<u>10,678,024</u>
<b>Total equity and liabilities</b>		<u>1,254,335</u>	<u>1,523,229</u>

On 8 May 2020 the Board of Directors of Suntyco Holding Ltd authorised these financial statements for issue.

LAKSHMAN  
AN KRISHNA  
KUMAR

Lakshmanan Krishnakumar  
Director

  
Manesh Thakrar  
Director

The notes on pages 9 to 24 form an integral part of these financial statements.



# SUNTYCO HOLDING LTD

## STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2020

	Share capital US\$	Share premium US\$	Translation reserve US\$	Accumulated losses/Retained earnings US\$	Total US\$
<b>Balance at 31 March 2018 / 1 April 2019</b>	<b>69,118</b>	<b>15,092,128</b>	<b>(7,273,968)</b>	<b>(15,277,422)</b>	<b>(7,390,143)</b>
Effect of initial application of IFRS 9	-	-	-	(616,879)	(616,879)
<b>Comprehensive income</b>					
Net loss for the year	-	-	-	(1,147,772)	(1,147,772)
<b>Balance at 31 March 2019/ 1 April 2019</b>	<b>69,118</b>	<b>15,092,128</b>	<b>(7,273,968)</b>	<b>(17,042,073)</b>	<b>(9,154,795)</b>
<b>Comprehensive income</b>					
Net profit for the year	-	-	-	350,084	350,084
<b>Balance at 31 March 2020</b>	<b>69,118</b>	<b>15,092,128</b>	<b>(7,273,968)</b>	<b>(16,691,989)</b>	<b>(8,804,711)</b>

The translation reserve and the share premium are not available for distribution.

The notes on pages 9 to 24 form an integral part of these financial statements.

# SUNTYCO HOLDING LTD

## STATEMENT OF CASH FLOWS for the year ended 31 March 2020

	Note	2020 US\$	2019 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		350,084	(1,147,772)
Adjustments for:			
Impairment income/loss on financial assets	7	(18,997)	384,555
Dividend income		(388,347)	-
Interest income	9	-	(125,205)
Interest expense	9	-	873,779
		(57,260)	(14,643)
<b>Changes in working capital:</b>			
(Increase)/decrease in trade and other receivables		(5,702)	11,444
Increase in trade and other payables		576,019	1,946
<b>Cash generated from/(used in) operations</b>		513,057	(1,253)
Dividends received		388,347	-
Tax refunded		2,378	-
<b>Net cash (used in)/generated from operating activities</b>		903,782	(1,253)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Net cash generated from investing activities</b>		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of loans from related companies	15	(1,176,000)	(900,000)
Proceeds from loans from related companies		-	1,200,000
<b>Net cash (used in)/generated from financing activities</b>		(1,176,000)	300,000
<b>Net (decrease)/increase in cash and cash equivalents</b>		(272,218)	298,747
Cash and cash equivalents at beginning of the year		302,260	3,513
Effect of exchange rate fluctuations on cash held		-	-
<b>Cash and cash equivalents at end of the year</b>	13	30,042	302,260

The notes on pages 9 to 24 form an integral part of these financial statements.

# **SUNTYCO HOLDING LTD**

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## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 March 2020

### **1. Incorporation and principal activities**

#### **Country of incorporation**

Suntycos Holding Ltd (the "Company") was incorporated in Cyprus on 14 December 2007 as a limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 2-4 Arch. Makariou III Avenue, Capital Center, 9th Floor, CY-1065 Nicosia, Cyprus.

#### **Principal activity**

The principal activity of the Company, which is unchanged from last year, is the holding of investments, including any interest earning activities.

### **2. 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. These financial statements are the stand-alone financial statements of the Company.

The Company has used the exemption from preparing consolidated financial statements as it is itself a wholly owned subsidiary of TATA Consumer Products UK Group Limited, a company incorporated in 9 September 2008, preparing financial statements available for public use that comply with International Financial Reporting Standards. These Consolidated Financial Statements are publicly available on the Parent Company's website.

The European Commission has concluded that since parent companies are required by the EU 4th Directive to prepare their separate financial statements and since the Companies Law, Cap.113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IFRS 10 "Consolidated and Separate Financial Statements" requiring 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 judgement 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.

### **3. Adoption of new or revised standards and interpretations**

During the current year the Company 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 2019.

### **4. 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.

# SUNTYCO HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

### 4. Significant accounting policies (continued)

#### Going concern basis

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 of US\$9,892,693 as 31 March 2020 (2019: US\$10,242,777) and a net profit of US\$350,084 (2019 net loss: US\$1,147,772) for the year ended, the Directors have considered a Letter of Support dated 6 April 2020 obtained from Tata Consumer Products UK 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 obligation as they fall due (for a period not less than twelve months from the date of approval of the financial statements) 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 have been appropriately prepared on a going concern basis.

#### 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. An impairment loss is recognised through profit or loss 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 cost to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

#### Finance income

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

#### Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

#### Foreign currency translation

##### (1) Functional and presentation currency

On 1 April 2018, the Company changed its functional currency from Russian Rouble (RUB) to US Dollar. The change in the functional currency was made to reflect that the underlying transaction events and conditions that are relevant to the entity are carried out in US\$. The Company applied the translation procedures applicable to the new functional currency prospectively from the date of change, as per the requirements of IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

There was no change in the presentation currency compared to prior year.

##### (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.

## SUNTYCO HOLDING LTD

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 4. Significant accounting policies (continued)

##### 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 enacted, 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 on 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 date of the statement of the financial position 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 assets - Classification

From 1 April 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Financial assets - Recognition and derecognition

Purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

##### Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.



## SUNTYCO HOLDING LTD

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 4. Significant accounting policies (continued)

##### Financial assets - Measurement (continued)

###### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into the following measurement category:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, trade and other receivables and loans receivables.

##### **Financial assets - impairment - credit loss allowance for ECL**

From 1 April 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "impairment losses on financial assets".

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL.

For all other financial assets that are subject to impairment under IFRS 9, the Company applies the general approach - three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL").

##### **Financial assets - Reclassification**

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

##### **Financial assets - write-off**

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

## **SUNTYCO HOLDING LTD**

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### **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 March 2020

#### **4. Significant accounting policies (continued)**

##### **Financial assets - modification**

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank, with original maturity of three months or less.

##### **Financial assets at amortised cost**

These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

##### **Financial liabilities - measurement categories**

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

##### **Borrowings**

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

# SUNTYCO HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

### 4. Significant accounting policies (continued)

#### Trade and other payables

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

#### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

#### Share capital

Ordinary shares are classified as equity.

Share Premium is the difference between the fair value of the consideration received for the issue of shares and the nominal value of the shares. Share Premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

#### 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 obligations 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 the passage of time is recognised as interest expenses.

#### Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

### 5. Financial risk management

#### Financial risk factors

The Company's activities expose it to interest rate risk, credit risk, liquidity risk and foreign exchange risk.

The Company's management does not have a formal policy to manage these risks at the entity level as they are managed centrally at the Group level.

#### 5.1 Interest rate risk

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

	2020 US\$	2019 US\$
<b>Variable rate instruments</b>		
Financial liabilities	-	10,467,734
	-	10,467,734



## SUNTYCO HOLDING LTD

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 5. Financial risk management (continued)

##### 5.2 Credit risk

Credit risk arises from cash and cash equivalents, other receivables and loans receivable.

###### *(i) Risk management*

Management assesses the credit quality of the counterparty, taking into account its financial position, past experience and other factors.

###### *(ii) Impairment of financial assets*

The Company has the following types of financial assets that are subject to the expected credit loss model:

- trade and other receivables
- loans receivable
- cash and cash equivalents

#### Financial assets

##### *Financial assets at amortised cost*

Financial assets at amortised cost include loans to related parties, trade and other receivables and cash and cash equivalents

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated (where applicable):

- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company uses three categories for loans, trade and other receivables and cash and cash equivalents which reflect their credit risk and how the loss provision is determined for each of those categories.

## SUNTYCO HOLDING LTD

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 5. Financial risk management (continued)

##### 5.2 Credit risk (continued)

###### (ii) Impairment of financial assets (continued)

A summary of the assumptions underpinning the Company's expected credit loss model is as follows:

Category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Asset is written off	None

Over the term of the loans, trade and other receivables, and loan receivable the Company accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data.

Were the impairment is immaterial, no provision for impairment is recorded.

For the current year, no provision for impairment was recognised in relation to the cash and cash equivalents and other receivables.

##### Loans to related parties

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans to related parties between the beginning and the end of the reporting period:

	Credit loss allowance				Gross carrying amount			
	Stage 1 Performing	Stage 2 Under- performing	Stage 3 Non- performing	Total	Stage 1 Performing	Stage 2 Under- performing	Stage 3 Non- performing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 March 2019	-	-	(1,001,434)	(1,001,434)	-	-	1,001,434	1,001,434
Closing balances as at 31 March 2020 (calculated under IFRS 9)	-	-	-	(1,001,434)	-	-	1,001,434	1,001,434

##### 5.3 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 and by having available an adequate amount of committed credit facilities.

## SUNTYCO HOLDING LTD

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 5. Financial risk management (continued)

##### 5.3 Liquidity risk (continued)

###### 31 March 2020

	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$
Trade and other payables	753,960	753,960	753,960
Loan payable	9,291,734	9,291,734	9,291,734
	<u>10,045,694</u>	<u>10,045,694</u>	<u>10,045,694</u>

###### 31 March 2019

	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$
Trade and other payables	196,647	196,647	196,647
Loan payable	10,467,734	10,467,734	10,467,734
	<u>10,664,381</u>	<u>10,664,381</u>	<u>10,664,381</u>

##### 5.4 Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

##### 5.5 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 benefit 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. The 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.

##### 5.6 Offsetting financial assets & Liabilities

The Company does not have any financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

##### Fair value estimation

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

#### 6. 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:

## SUNTYCO HOLDING LTD

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 6. Critical accounting estimates and judgments (continued)

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 5, Credit risk section.

#### 7. Net impairment profit/(loss) on financial assets

	2020 US\$	2019 US\$
Impairment of investment (Note 11)	(176,000)	(384,555)
Reversal of impairment of loan receivable (Note 18.4)	194,997	-
	<u>18,997</u>	<u>(384,555)</u>

#### 8. Expenses by nature

	2020 US\$	2019 US\$
Auditors' remuneration	8,118	7,834
Accounting fees	13,281	6,471
Other professional fees	6,046	10,480
Irrecoverable VAT	5,018	4,584
Sundry expenses	2,120	919
<b>Total expenses</b>	<u>34,583</u>	<u>30,288</u>

#### 9. Finance income/(costs)

	2020 US\$	2019 US\$
Interest income	-	125,205
Exchange profit	-	240
<b>Finance income</b>	<u>-</u>	<u>125,445</u>
Net foreign exchange losses	(1,358)	(9,354)
Interest expense	-	(873,779)
Sundry finance expenses	(2,322)	(1,241)
<b>Finance costs</b>	<u>(3,680)</u>	<u>(884,374)</u>
<b>Net finance costs</b>	<u>(3,680)</u>	<u>(758,929)</u>

## SUNTYCO HOLDING LTD

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 10. Tax

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

	2020 US\$	2019 US\$
Profit/(loss) before tax	<u>350,084</u>	<u>(1,147,772)</u>
Tax calculated at the applicable tax rates	43,761	(143,472)
Tax effect of expenses not deductible for tax purposes	5,203	145,626
Tax effect of allowances and income not subject to tax	(50,918)	(3,110)
Tax effect of tax losses brought forward	<u>1,954</u>	<u>956</u>
<b>Tax credit</b>	<u>-</u>	<u>-</u>

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

Under certain conditions interest income may be exempt from income tax and be subject only to special contribution for defence at the rate of 30%.

In certain cases, dividends received from abroad may be subject to special contribution for defence at the rate of 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.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc.) are exempt from Cyprus income tax.

#### 11. Investments in subsidiaries

	2020 US\$	2019 US\$
Balance at 1 April	1,087,983	1,087,983
Additions	176,000	384,555
Impairment charge	<u>(176,000)</u>	<u>(384,555)</u>
<b>Balance at 31 March</b>	<u><b>1,087,983</b></u>	<u><b>1,087,983</b></u>

The subsidiaries as listed below, have share capital consisting solely of ordinary shares, which are held directly by the Company.

Nature of investments in subsidiaries in 2020 and 2019:

Name	Country of incorporation	Principal activities	% of ownership held	Measurement method
Onomento Co Ltd	Cyprus	Trademark owners	100	cost
CoffeeTrade LLC	Russian Federation	Tea and coffee trade	99	cost

On 2 April 2019, the process of voluntary liquidation was initiated for LLC Coffeetrade which was completed 9 April 2020.

## SUNTYCO HOLDING LTD

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 12. Trade and other receivables

	2020	2019
	US\$	US\$
Receivables from own subsidiaries (Note 18.3)	3,828	5,191
Receivables from related parties (Note 18.3)	13,264	4,901
Deposits and prepayments	1,657	2,955
	<u>18,749</u>	<u>13,047</u>

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

Trade and other receivables are denominated in the following currencies:

	2020	2019
	US\$	US\$
United States Dollars	17,092	10,092
Euro	1,657	2,955
	<u>18,749</u>	<u>13,047</u>

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 5 of the financial statements.

#### 13. Cash and cash equivalents

Cash balances are analysed as follows:

	2020	2019
	US\$	US\$
Cash at bank (credit rating Caa1 (2019: Caa1))	<u>30,042</u>	<u>302,260</u>

Cash and cash equivalents are denominated in the following currencies:

	2020	2019
	US\$	US\$
United States Dollars	<u>30,042</u>	<u>302,260</u>
	<u>30,042</u>	<u>302,260</u>

#### 14. Share capital

	2020 Number of shares	2020 US\$	2019 Number of shares	2019 US\$
<b>Authorised</b>				
Ordinary shares of €1 each	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
<b>Issued and fully paid</b>				
Balance at 1 April	<u>50,099</u>	<u>69,118</u>	<u>50,099</u>	<u>69,118</u>
Balance at 31 March	<u>50,099</u>	<u>69,118</u>	<u>50,099</u>	<u>69,118</u>

## SUNTYCO HOLDING LTD

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 14. Share capital (continued)

##### Share Capital

Under its Memorandum of Association, the Company's authorized share capital is 250,000 ordinary shares divided to 127,500 A shares of €1 each and 122,500 B shares of €1 each.

The Class A and B shares shall rank pari passu with each other at all times.

##### Authorized capital

The issue of shares as at 31 March 2020 and as at 31 March 2019 amounted to 25,551 A shares of €1 each and 24,548 B shares of €1 each. All issued shares are fully paid.

##### Issued capital

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

Share Premium account can only be utilized for limited purpose, which does not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Company Law on reduction for share capital.

#### 15. Borrowings

	2020 US\$	2019 US\$
<b>Current borrowings</b>		
Loan from parent company (Note 18.6)	<u>9,291,734</u>	<u>10,467,734</u>
	<u><b>9,291,734</b></u>	<u><b>10,467,734</b></u>

#### 16. Trade and other payables

	2020 US\$	2019 US\$
Payables to parent (Note 18.5)		
Accruals	<b>150,908</b>	159,270
Other creditors	<b>13,352</b>	13,643
Payables to own subsidiaries (Note 18.5)	<b>4,412</b>	5,550
Payables to related party (Note 18.5)	<b>554,776</b>	117
	<u><b>43,864</b></u>	<u>31,710</u>
	<u><b>767,312</b></u>	<u><b>210,290</b></u>

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

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

	2020 US\$	2019 US\$
United States Dollars	<b>168,914</b>	159,271
Euro	<u><b>48,393</b></u>	<u>37,376</u>
	<u><b>217,307</b></u>	<u><b>196,647</b></u>

## SUNTYCO HOLDING LTD

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 17. Refundable taxes

	2020 US\$	2019 US\$
Corporation tax	<u>117,561</u>	<u>119,939</u>
	<u>117,561</u>	<u>119,939</u>

#### 18. Related party transactions

The Company is controlled by Kahutara Holdings Limited, incorporated in Cyprus, which owns 100% of the Company's shares. The ultimate controlling party of the Company, throughout the current year, is Tata Consumer Product Ltd, incorporated in India.

The following transactions were carried out with related parties:

##### 18.1 Interest income

	2020 US\$	2019 US\$
Coffee Trade LLC	<u>-</u>	<u>125,205</u>

##### 18.2 Interest expense

	2020 US\$	2019 US\$
Kahutara Holdings Limited	<u>-</u>	<u>873,779</u>

##### 18.3 Receivables from related parties (Note 12)

Name	Nature of transactions	2020 US\$	2019 US\$
Campestres Holdings Ltd	Current account	13,264	4,901
Onomento Co Ltd	Current account	3,828	1,363
Onomento Co Ltd	Dividend Balance	-	3,828
		<u>17,092</u>	<u>10,092</u>

The carrying amount of receivables from the Company's related parties approximate to their fair value.

##### 18.4 Loans to related parties

	2020 US\$	2019 US\$
CoffeeTrade LLC	-	1,001,434
Loss allowance	<u>-</u>	<u>(1,001,434)</u>
	<u>-</u>	<u>-</u>

On 23 October 2017 the Company entered into a loan agreement (being the lender) with its subsidiary company Coffeetrade LLC (being a borrower). The total amount of the loan shall not exceed US\$ 5m. The loan bears interest at the rate of ICELIBOR plus margin in the amount of 6.5% per annum. During the year an amount of US\$ 1,200,000 was made a repayment of the loan and the interest accrued on this loan was US\$ 125,205. The exposure of the Company to credit risk and impairment losses in relation to the trade and other receivables is reported in note 5 of the financial statements.

On 2 April 2019, the process of voluntary liquidation was initiated for LLC Coffeetrade which was completed 9 April 2020 (Note 20).



## SUNTYCO HOLDING LTD

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 18. Related party transactions (continued)

##### 18.5 Payables to related parties (Note 16)

Name	Nature of transactions	2020 US\$	2019 US\$
Kahutara Holdings Limited	Current account	150,908	159,270
Onomento Co Ltd US\$ Balance	Current account	18,123	117
Tata Global Beverages Investments Limited	Current account	43,864	31,710
Onomento Co Ltd US\$ Balance	Current account	536,653	-
		<u>749,548</u>	<u>191,097</u>

Campestres Holdings Limited is the parent entity of Kahutara Holdings Limited.

The amount of US\$536,653 represents an excess amount of the dividend declared to the subsidiary as per resolutions dated 18th June 2019 for the amount of US\$400,000 and 25th February 2020 for US\$525,000 respectively.

##### 18.6 Loans from related parties (Note 15)

	2020 US\$	2019 US\$
Kahutara Holdings Limited	<u>9,291,734</u>	<u>10,467,734</u>
	<u>9,291,734</u>	<u>10,467,734</u>

On 17 August 2017, the Company, as Borrower, entered into an inter-company loan agreement with its related company Kahutara Holdings Limited, as Lender, for a revolving credit facility of up to US\$ 17.3million. This loan bore interest at ICELIBOR plus 6% margin per annum and is repayable on demand. During the year, total repayments for the amount of US\$176,000 took place.

On 14 April 2020, and effective from 1 April 2019, a loan amendment was entered into pursuant to which the interest rate was reduced to 0%.

#### 19. 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 2018, the Russian economy was negatively impacted by a low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals, all of which contributed to the country's economic recession characterised by a decline in gross domestic product. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. The operating environment has a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

#### 20. Events after the reporting period

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

## **SUNTYCO HOLDING LTD**

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### **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 March 2020

#### **20. Events after the reporting period (continued)**

The Company has evaluated the results of its Russian operations during the lockdown months of March 2020 and April 2020 which have shown an upward trend in sales.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 March 2020.

However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

On 2 April 2019, the process of voluntary liquidation was initiated for LLC Coffeetrade which was completed 9 April 2020 (Note 18.4).

**Independent auditor's report on pages 2 to 4**