

**Annual Report**  
**for the financial year ended**  
**31 March 2015**

**Tata Global Beverages**  
**Czech Republic a.s.**

**Note:**

This annual report has been prepared in Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of the annual report takes precedence over the English version.

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**I. INDEPENDENT AUDITOR'S REPORT**



## ***Independent auditor's report***

**to the shareholder of Tata Global Beverages Czech Republic a.s.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Tata Global Beverages Czech Republic a.s., identification number 27426912, with registered office at Znojemska 687, Jemnice ("the Company"), which comprise the balance sheet as at 31 March 2015, the income statement and statement of changes in equity for the year then ended and notes, including a summary of significant accounting policies and other explanatory information ("the financial statements").

#### *Statutory Body's Responsibility for the Financial Statements*

The Statutory Body is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation, and for such internal control as the Statutory Body 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 the Act on Auditors of the Czech Republic, International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. 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 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 Company's preparation of the 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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, 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 the Company as at 31 March 2015 and its financial performance for the year then ended in accordance with Czech accounting legislation.

### **Report on the Annual Report**

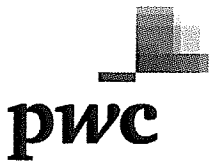
In addition we have verified that the other information included in the annual report of the Company for the year ended 31 March 2015 is consistent with the financial statements which are included in this annual report in section IV. The Statutory Body is responsible for the accuracy of the annual report. Our responsibility is to express an opinion on the consistency of the annual report with the financial statements based on our verification procedures.

#### *Auditor's Responsibility*

We conducted our verification procedures in accordance with the International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the verification procedures to obtain reasonable assurance about whether the other information included in the annual report which describes matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that the verification procedures performed provide a reasonable basis for our opinion.

*PricewaterhouseCoopers Audit, s.r.o., náměstí Svobody 20, 602 00 Brno, Czech Republic  
T: +420 542 520 111, F: +420 542 214 796, [www.pwc.com/cz](http://www.pwc.com/cz)*

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No 021.



**Shareholder of Tata Global Beverages Czech Republic a.s.  
Independent auditor's report**

**Report on the Annual Report (continued)**

*Opinion*

In our opinion, the other information included in the annual report of the Company for the year ended 31 March 2015 is consistent, in all material respects, with the financial statements.

7 May 2015

*PricewaterhouseCoopers Audit s.r.o.*

represented by director

*Jaroslav Mitáš*

Jaroslav Mitáš  
Statutory Auditor, Licence No. 2287

**Note**

Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version

## **II. ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2015**

### **A GENERAL INFORMATION ABOUT THE COMPANY**

Business name:	Tata Global Beverages Czech Republic a.s.
Registered office:	Jemnice, Znojemská 687, postal code 675 31
Identification number:	274 26 912
Date of establishment:	1 March 2006
Legal form:	Joint-stock company
Registration Court:	District Court in Brno
	Insert number at registration court: section B, insert 4651
Business activities:	- production of food products - intermediation of business and services

The Company does not have any organizational units abroad.

### **B SHAREHOLDER'S STRUCTURE AND THE GROUP**

Tata Global Beverages Czech Republic a.s. (hereinafter "the Company") is part of Tata Global Beverages Group, owned by Tata Global Beverages Limited (TGBL).

Tata Global Beverages Group is a global company focused on trade, production and distribution of tea, coffee, bottled water and other beverages. The Group runs production and trade operations of its branded products mainly in India, Europe, USA, Canada and Australia.

The Company is fully owned by Tata Global Beverages Overseas Holdings Limited, incorporated in Great Britain. The parent company of the Group is Tata Global Beverages Limited, incorporated in India.

### **C BUSINESS ACTIVITIES INFORMATION**

The main business activities of the Company are production and distribution of packed tea.

The Company did not incur any Research and Development expenditure in the year ended 31 March 2015.

#### **Sales of own products and services**

The Company sold own products and services in the total amount of CZK 225,065 thousand.

#### **Number of employees**

During the year ended 31 March 2015 the Company had on average number of employees amounting to 83.

## **D INFORMATION ON ASSETS AND FINANCIAL SITUATION OF THE COMPANY**

### **Expected economic and financial situation**

In order for the Company to continue as going concern, an ongoing support of its sole shareholder is required.

The Company, which was incorporated on 1 March 2006, bought all buildings, lands, machines and trademarks based on Assets purchase agreement in the first year of its operations.

Trademarks were sold to Tata Global Beverages GB Limited on 19 March 2013 based on the Agreement on transfer of trademarks.

There were no significant capital expenditures during the year ended 31 March 2015.

The Company did not draw any operating or investing loan in the year ended 31 March 2015.

### **Financial statements**

Financial statements of the Company were audited by PricewaterhouseCoopers Audit, s.r.o. and are in line with legal requirements.

### **Organizational Structure**

The Company has neither other branches nor establishments.

### **Risks**

For the Company the potential risk is represented by development of foreign exchange rates as all Company's purchases of raw materials are made abroad.

### **Environment**

The Company meets all legal requirements and limits related to its kind of business during its operations.

### **Employment relations**

The Company follows effective legislation in this area.

### **Economic results after tax**

For the year ended 31 March 2015 the Company achieved profit before tax in amount of CZK 21,091 thousand.

## **E INFORMATION ON THE COMPANY STATUTORY BODIES**

The members of the Board of Directors as at 31 March 2015 were as follows:

<b>Name</b>	<b>Position</b>	<b>Member from</b>	<b>Function from</b>
Nigel John Spencer Holland	Chairman	19 August 2011	15 September 2011
Manesh Thakrar	Member	19 August 2011	
Ajoy Kumar Misra	Member	10 June 2014	

On 10 June 2014, Mr Harish Ramananda Bhat resigned from his position of member of the Board of the Directors and Mr Ajoy Kumar Misra was appointed as new member of the Board of Directors. These changes were registered in the Commercial Register as at 22 August 2014.

The members of the Supervisory Board as at 31 March 2015 were as follows:

<b>Name</b>	<b>Position</b>	<b>Member from</b>	<b>Function from</b>
Lakshmanan Krishna Kumar	Chairman	26 September 2013	16 October 2013
Miles Thomas Bailey	Member	26 September 2013	
Libor Venhoda	Member	9 October 2013	

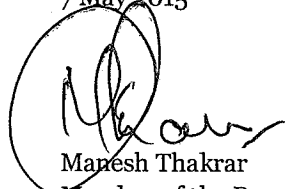
### **Shares**

100 pieces of ordinary bearer shares in documentary form in nominal amount of CZK 20 thousand.

## **F INFORMATION ON PERSON RESPONSIBLE FOR THE ANNUAL REPORT**

Person responsible for Annual report:

7 May 2015



Manesh Thakrar  
Member of the Board of Directors



**III. REPORT ON RELATIONS BETWEEN RELATED PARTIES FOR THE YEAR  
ENDED 31 MARCH 2015**

**7 May 2015**

## **Report on relations**

**of the Company**

**Tata Global Beverages Czech Republic a.s**

Pursuant to Section 82 of the Act on Corporations

**For the accounting period ended 31 March 2015**

The Board of Directors of Tata Global Beverages Czech Republic a.s., with its registered office at Jemnice, Znojemska 687, postal code 675 31, identification Number: 274 26 912, registered in the Commercial Register maintained by the Municipal Court in Brno, Section B, File 4651 (in this Report also the "**Company**"), has prepared the following Report on Relations pursuant to Section 82 of Act No. 90/2012 Coll., the Corporations Act (the "**Corporations Act**"), for the accounting period ended 31 March year 2015 (the "**Relevant period**").

## **1. Structure of relations**

1.1. According to the information available to the Board of Directors of the Company acting with due managerial care, for the whole of the Relevant period, the Company formed a part of a group in which the controlling party is Tata Global Beverages Limited (the "**Group**"). Information on the entities forming part of the Group is stated as at 31 March 2015 according to the information available to the statutory body of the Company acting with due managerial care. The structure of relations within the Group is graphically illustrated in the Annex No. 1.

### **1.1.1. Controlling Party**

Tata Global Beverages Limited with its registered office at 1 Bishop Lefroy Road, Kolkata, 700 020, India. ("**Controlling Party**") indirectly controls the Company through the company Tata Global Beverages Overseas Holdings Limited, with its registered office at 325 Oldfield Lane North, Greenford, Middlesex, UB6 0AZ, United Kingdom of Great Britain and Northern Ireland, which was the sole shareholder of the Company in the Relevant period.

## **2. Role of the Company in the Group**

The Company is engaged in the manufacture and distribution of packaged tea, which is sold mainly to third parties in the domestic market and abroad.

## **3. Methods and means of control**

The Controlling Party indirectly controls the Company through the company Tata Global Beverages Overseas Holdings Limited, which was the sole shareholder in the Relevant period. The control of the Company occurs in particular through the decisions at the General Meeting.

## **4. Mutual Contracts within the Group**

4.1. Contracts entered into between the Company and the Controlling Party that were effective and valid in the Relevant period:

During the Relevant period there were no effective contracts that had been concluded between the Company and the Controlling party.

4.2. Contracts entered into between the Company and the other parties controlled by the Controlling Party that were effective and valid in the Relevant period:

- Agreement on loan with Tetley Overseas Holdings Limited dated 29 March 2007.
- Agreement on loan with Tata Global Beverages GB Limited dated 19 March 2013.
- Agreement on use of trademarks with Tata Global Beverages GB limited dated 31 March 2014.
- Service agreement with Tata Global Beverages GB limited dated 14 April 2014.
- Service agreement with Tata Global Beverages Services Limited dated 14 April 2014.
- Agreement on contribution for creation of equity with Tata Global Beverages Overseas Holdings Limited dated 26 March 2015.
- Declaration on assumption of liability arising from contribution for creation of equity with Tata Global Beverages Overseas Holdings Limited dated 26 March 2015.
- Agreement on netting of receivables with Tata Global Beverages Overseas Holdings Limited dated 26 March 2015.
- Agreement on waiver of part of the interests with Tata Global Beverages Overseas Holdings Limited dated 26 March 2015.
- Agreement on possibility of early repayment of loan with Tata Global Beverages GB Limited dated 26 March 2015.

**5. Legal acts made at the instigation of or in the interest of the Controlling Party or other parties controlled by the Controlling Party**

During the Relevant period, the Company did not make any legal acts and other measures in the interest, or at the instigation of, the Controlling Party or other parties controlled by the Controlling Party, which would involve assets exceeding in value 10% of the Company's equity of CZK 967 thousands reported in the latest Financial Statements as at 31 March 2015 except for transactions resulting from contracts stated in section 4 above.

**6. Assessment of a detriment and its compensation**

No detriment occurred to the Company on the basis of the agreements entered into in the Relevant period between the Company and other entities from the Group, other acts or measures which were implemented in the interest, or at the instigation of, of such entities by the Company in the Relevant period.

**7. Evaluation of relations and risks within the Group**

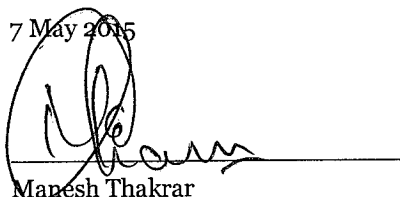
**7.1. Evaluation of advantages and disadvantages of relations within the Group**

The Company benefits from being part of the Group. Tata Global Beverages Group is a global company focused on the manufacture, sale and distribution of tea, coffee, bottled water and other beverages. It has strong brand name and financial background to the benefit to the Company, especially when doing business with its suppliers.

No disadvantages have arisen to the Company from the participation within the Group.

**7.2. No risks have arisen to the Company from the relations within the Group.**

7 May 2015

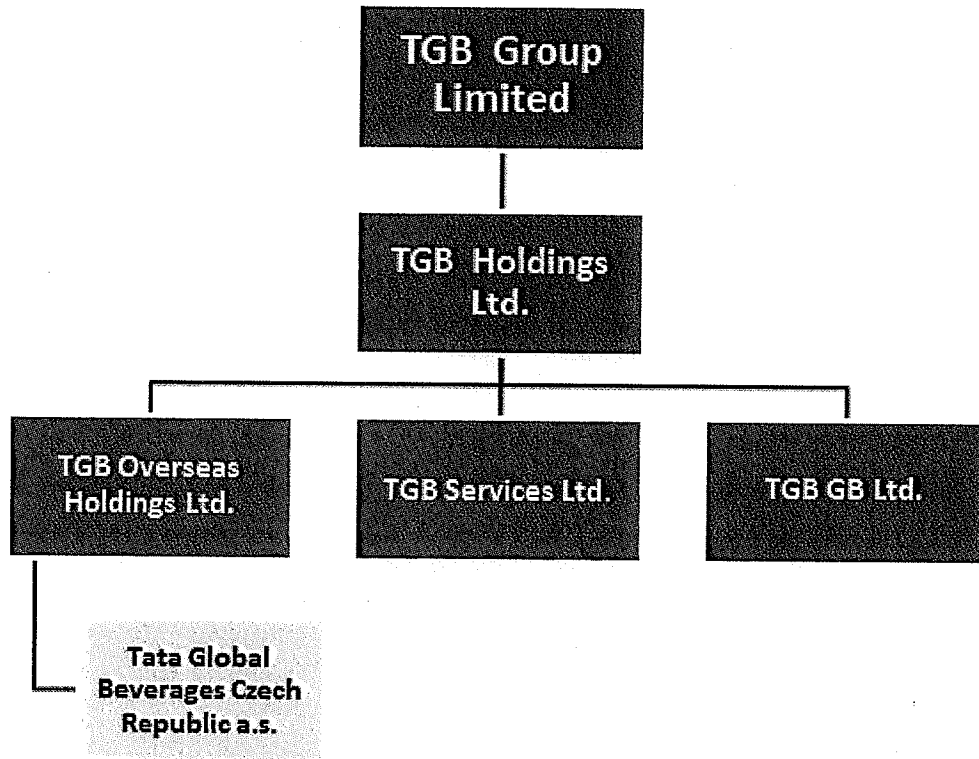


Manesh Thakrar

Member of the Board of Directors

**Annex No. 1.**

**Structure of relations within the Group**



Note: Abbreviation "TGB" is commonly used for Tata Global Beverages

#### **IV. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

Company name: Tata Global Beverages Czech Republic a.s.

Identification number: 27426912

Legal form: Joint Stock Company

Primary business: Production of food products

Balance sheet date: 31 March 2015

Date of preparation of the financial statements: 7 May 2015

## BALANCE SHEET

(in thousand Czech crowns)

Ref. a	ASSETS b	31.03.2015			31.03.2014
		Gross 1	Provision 2	Net 3	Net 4
	<b>TOTAL ASSETS</b>	<b>232 114</b>	<b>(116 793)</b>	<b>115 321</b>	<b>265 378</b>
<b>B.</b>	<b>Fixed assets</b>	<b>149 042</b>	<b>(116 656)</b>	<b>32 386</b>	<b>33 956</b>
<b>B. I.</b>	<b>Intangible fixed assets</b>	<b>805</b>	<b>(563)</b>	<b>242</b>	<b>7</b>
1.	Software	621	(402)	219	-
2.	Royalties	100	(100)	-	-
3.	Other intangible fixed assets	61	(61)	-	7
4.	Intangible fixed assets in the course of construction	23	-	23	-
<b>B. II.</b>	<b>Tangible fixed assets</b>	<b>148 237</b>	<b>(116 093)</b>	<b>32 144</b>	<b>33 949</b>
<b>B. II. 1.</b>	<b>Land</b>	<b>1 725</b>	<b>-</b>	<b>1 725</b>	<b>1 572</b>
2.	Constructions	32 761	(8 637)	24 124	23 857
3.	Equipment	112 404	(106 503)	5 901	5 954
4.	Other tangible fixed assets	1 347	(953)	394	306
5.	Tangible fixed assets in the course of construction	-	-	-	455
6.	Advances paid for tangible fixed assets	-	-	-	1 805
<b>C.</b>	<b>Current assets</b>	<b>82 936</b>	<b>(137)</b>	<b>82 799</b>	<b>231 261</b>
<b>C. I.</b>	<b>Inventories</b>	<b>32 989</b>	<b>(137)</b>	<b>32 852</b>	<b>32 328</b>
<b>C. I. 1.</b>	<b>Raw materials</b>	<b>15 362</b>	<b>(90)</b>	<b>15 272</b>	<b>14 791</b>
2.	Work in progress and semi-finished products	3 995	-	3 995	2 124
3.	Finished goods	13 632	(47)	13 585	15 413
<b>C. II.</b>	<b>Long-term receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>149 749</b>
1.	Receivables - subsidiaries / controlling parties	-	-	-	149 749
<b>C. III.</b>	<b>Short-term receivables</b>	<b>43 636</b>	<b>-</b>	<b>43 636</b>	<b>42 473</b>
<b>C. III. 1.</b>	<b>Trade receivables</b>	<b>40 513</b>	<b>-</b>	<b>40 513</b>	<b>39 879</b>
2.	Short-term advances paid	455	-	455	765
3.	Estimated receivables	831	-	831	891
4.	Other receivables	1 837	-	1 837	938
<b>C. IV.</b>	<b>Financial assets</b>	<b>6 311</b>	<b>-</b>	<b>6 311</b>	<b>6 711</b>
<b>C. IV. 1.</b>	<b>Cash in hand</b>	<b>36</b>	<b>-</b>	<b>36</b>	<b>22</b>
2.	Cash at bank	6 275	-	6 275	6 689
<b>D. I.</b>	<b>Prepayments and accrued income</b>	<b>136</b>	<b>-</b>	<b>136</b>	<b>161</b>
<b>D. I. 1.</b>	<b>Prepaid expenses</b>	<b>97</b>	<b>-</b>	<b>97</b>	<b>161</b>
2.	Accrued income	39	-	39	-

Ref.	LIABILITIES AND EQUITY	31.03.2015	31.03.2014
a	b	5	6
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>115 321</b>	<b>265 378</b>
<b>A.</b>	<b>Equity</b>	<b>9 670</b>	<b>(81 421)</b>
<b>A. I.</b>	<b>Share capital</b>	<b>2 000</b>	<b>2 000</b>
A. I. 1.	Share capital	2 000	2 000
<b>A. II.</b>	<b>Capital contributions</b>	<b>300 000</b>	<b>230 000</b>
1.	Other capital contributions	300 000	230 000
<b>A. IV.</b>	<b>Retained earnings / Accumulated losses</b>	<b>(313 421)</b>	<b>(294 792)</b>
1.	Accumulated losses	(313 421)	(294 792)
<b>A. V.</b>	<b>Profit / (loss) for the current period</b>	<b>21 091</b>	<b>(18 629)</b>
<b>B.</b>	<b>Liabilities</b>	<b>105 651</b>	<b>346 799</b>
<b>B. I.</b>	<b>Provisions</b>	<b>970</b>	<b>1 360</b>
1.	Other provisions	970	1 360
<b>B. II.</b>	<b>Long-term liabilities</b>	<b>49 686</b>	<b>217 099</b>
1.	Liabilities - subsidiaries / controlling parties	49 686	217 099
<b>B. III.</b>	<b>Short-term liabilities</b>	<b>54 995</b>	<b>128 340</b>
B. III. 1.	Trade payables	16 700	94 977
2.	Liabilities to employees	1 765	1 700
3.	Liabilities for social security and health insurance	1 053	1 022
4.	Taxes and state subsidies payable	3 399	1 607
5.	Estimated payables	31 932	28 832
6.	Other payables	146	202



Company name: Tata Global Beverages Czech Republic a.s.

Identification number: 27426912

Legal form: Joint Stock Company

Primary business: Production of food products

Balance sheet date: 31 March 2015

Date of preparation of the financial statements: 7 May 2015

## INCOME STATEMENT

(in thousand Czech crowns)

Ref. a	DESCRIPTION b	Accounting period	
		31.3.2015 1	31.3.2014 2
I.	Sales of goods	-	135
A.	Cost of goods sold	-	170
+	Gross profit	-	(35)
II.	Sales of production	224 935	246 208
II. 1.	Sales of own products and services	225 065	240 178
2.	Changes in inventories of finished goods and work in progress	(130)	6 030
B.	Cost of sales	200 443	212 461
B. 1.	Raw materials and consumables used	119 878	129 494
2.	Services	80 565	82 967
+	Added value	24 492	33 712
C.	Staff costs	34 777	34 788
C. 1.	Wages and salaries	25 415	25 456
2.	Social security and health insurance costs	8 701	8 667
3.	Other social costs	661	665
D.	Taxes and charges	169	205
E.	Depreciation and amortisation expense	3 900	14 071
III.	Sales of fixed assets and raw materials	50	54
III. 1.	Sales of fixed assets	25	13
2.	Sales of raw materials	25	41
F.	Net book value of fixed assets and raw materials sold	11	14
1.	Net book value of raw materials sold	11	14
G.	Changes in operating provisions and complex prepaid expenses	(926)	467
IV.	Other operating income	1 143	862
H.	Other operating expenses	2 507	1 943
*	Operating result	(14 753)	(16 860)
X.	Interest income	3 638	3 733
N.	Interest expense	5 188	5 371
XI.	Other financial income	38 103	1 213
O.	Other financial expenses	709	1 344
*	Financial result	35 844	(1 769)
**	Profit or loss on ordinary activities after taxation	21 091	(18 629)
***	Net profit / (loss) for the financial period	21 091	(18 629)
****	Net profit / (loss) before taxation	21 091	(18 629)

**Tata Global Beverages Czech Republic a.s.**

Financial statements

for the year ended 31 March 2015

**Statement of changes in shareholders' equity**

Year ended 31 March 2015

<b>(CZK'000)</b>	<b>Share capital</b>	<b>Other capital funds</b>	<b>Accumulated losses</b>	<b>Total</b>
<b>As at 1 April 2013</b>	<b>2,000</b>	<b>230,000</b>	<b>(294,792)</b>	<b>(62,792)</b>
Net loss for the year ended 31 March 2014	-	-	(18,629)	(18,629)
<b>As at 31 March 2014</b>	<b>2,000</b>	<b>230,000</b>	<b>(313,421)</b>	<b>(81,421)</b>
Contribution to Other capital funds	-	70,000	-	70,000
Net profit for the year ended 31 March 2015	-	-	21,091	21,091
<b>As at 31 March 2015</b>	<b>2,000</b>	<b>300,000</b>	<b>(292,330)</b>	<b>9,670</b>

## **Tata Global Beverages Czech Republic a.s.**

Notes to financial statements  
for the year ended 31 March 2015

### **1. General information**

#### **1.1. Introductory information about the Company**

Tata Global Beverages Czech Republic a.s. ("the Company") was incorporated on 1 March 2006 and has its registered office in Jemnice, Znojemská 687. The Company's primary business activities are production and distribution of food products, mainly tea. Identification number of the Company is 274 26 912.

The Company is part of the Tata Global Beverages Group, owned by Tata Global Beverages Limited (TGBL).

The members of the Board of Directors as at 31 March 2015 were as follows:

<b>Name</b>	<b>Position</b>	<b>Member from</b>	<b>Function from</b>
Nigel John Spencer Holland	Chairman	19 August 2011	15 September 2011
Manesh Thakrar	Member	19 August 2011	
Ajoy Kumar Misra	Member	10 June 2014	

On 10 June 2014, Mr Harish Ramananda Bhat resigned from his position of member of the Board of Directors and Mr Ajoy Kumar Misra was appointed as new member of the Board of Directors. These changes were registered in the Commercial Register as at 22 August 2014.

The members of the Supervisory Board as at 31 March 2015 were as follows:

<b>Name</b>	<b>Position</b>	<b>Member from</b>	<b>Function from</b>
Lanshmanan Krishna Kumar	Chairman	26 September 2013	16 October 2013
Miles Thomas Bailey	Member	26 September 2013	
Libor Venhoda	Member	9 October 2013	

The Company is organised as follows:

- **Business and marketing**
  - Sales representatives
  - Management for business and development
- **Operations and economy**
  - Production and OHS
  - Distribution and logistics
  - Purchasing
  - Maintenance
  - Quality
  - Financial department

The Company updated its Articles of Association that are now fully governed by the new Corporations Act. This fact became effective as at the date of its registration in the Commercial Register, specifically on 8 July 2014.

## **2. Accounting policies**

### **2.1. Basis of preparation**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic and have been prepared under the historical cost convention.

The cash flow statement has not been prepared as permitted by Article 3 of Decree no. 500/2002.

### **2.2. Intangible and tangible fixed assets**

All intangible and tangible assets with a useful life longer than one year and a unit cost of more than CZK 20 thousand are treated as intangible and tangible fixed assets.

Purchased intangible and tangible fixed assets are initially recorded at cost, which includes all costs related with its acquisition.

Intangible and tangible fixed assets are amortised/depreciated over their estimated useful lives. The rates used differ from those allowable for taxation purposes.

Low-value fixed assets with a useful life longer than one year and a unit cost less than CZK 20 thousand are expensed upon consumption and further registered in operational evidence.

A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by the certain asset.

Repairs and maintenance expenditures of tangible fixed assets are expensed as incurred. Technical improvements of intangible and tangible fixed assets are capitalised.

### **2.3. Inventories**

Purchased inventories are stated at the lower of cost and net realisable amount. Cost includes all costs related with its acquisition (mainly transport costs, customs duty, etc.). The weighted average cost method is applied for all disposals.

Work-in-progress and semi-finished goods, are stated at direct material cost. Finished goods are stated at production costs including direct materials, direct wages and a part of production overheads.

A provision is created for slow-moving and obsolete inventory based on an analysis of turnover and individual evaluation of inventories.

### **2.4. Receivables**

Receivables are stated at nominal value less a provision for doubtful amounts. A provision for doubtful amounts is created on the basis of an ageing analysis and individual evaluation of the credit worthiness of the customers. Receivables from related parties have not been provided for.

### **2.5. Foreign currency translation**

Transactions denominated in a foreign currency are translated and recorded at the exchange rate published by the Czech National Bank determined for the month period as at the first day of the period.

Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement and presented net.

**Tata Global Beverages Czech Republic a.s.**

Notes to financial statements  
for the year ended 31 March 2015

**2.6. Revenue recognition**

Sales are recognised upon the delivery of products and customer acceptance or upon the rendering of services and are stated net of discounts and value added tax.

**2.7. Leases**

The costs of assets held under both finance and operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are disclosed in the notes but not recognised in the balance sheet.

**2.8. Provisions**

Provisions are recognised when the Company has a present obligation, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**2.9. Interest expense**

Interest expenses are expensed.

**2.10. Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax asset is recognised if it is probable that sufficient future taxable profit will be available against which the asset can be utilised.

**2.11. Related parties**

The Company's related parties are considered to be the following:

- parties, which directly or indirectly control the Company, their subsidiaries and associates;
- parties, which have directly or indirectly significant influence on the Company;
- members of the Company's or parent company's statutory and supervisory boards and management and parties close to such members, including entities in which they have a controlling or significant influence;
- subsidiaries and associates and joint-venture companies.

Material transactions and outstanding balances with related parties are disclosed in Note 12.

**2.12. Employment benefits**

Regular contributions are made to the state to fund the national pension plan. The Company also provides contributions to defined contribution plans operated by independent pension funds.

**2.13. Subsequent events**

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are disclosed, but are not themselves recognised in the financial statements.

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Notes to financial statements  
for the year ended 31 March 2015

**3. Intangible and tangible fixed assets**

(CZK'000)	Intangible fixed assets		Tangible fixed assets	
	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2014
Net book value as at 1 April	7	14	33,949	44,847
Additions	286	-	2,044	3,193
Amortisation / Depreciation	(51)	(7)	(3,849)	(14,064)
Disposals	-	-	-	(27)
Net book value as at 31 March	242	7	32,144	33,949

**4. Inventories**

The Company created a provision for inventories as at 31 March 2015 of CZK 137 thousand (as at 31 March 2014: CZK 635 thousand).

**5. Receivables**

Unsettled receivables have not been secured and none of them are due after more than 5 years.

The overdue receivables as at 31 March 2015 amounted to CZK 1,372 thousand (as at 31 March 2014: CZK 2,194 thousand) out of which CZK 1,295 thousand are overdue up to 30 days.

The provision for doubtful receivables as at 31 March 2015 was CZK nil (as at 31 March 2014: CZK 38 thousand).

**6. Equity**

	31 March 2015		31 March 2014	
	No. of pieces	Carrying value (CZK'000)	No. of pieces	Carrying value (CZK'000)
Ordinary shares, fully paid	100	2,000	100	2,000

The Company is fully owned by Tata Global Beverages Overseas Holdings Limited, incorporated in Great Britain, and the ultimate holding company is Tata Global Beverages Limited, incorporated in India.

The Company is fully governed by the new Corporations Act; however, it did not use the option not to create a reserve fund. The Company creates reserve fund equal to 20% of share capital.

Contribution to Other capital funds in the amount of CZK 230,000 thousand was settled by netting off the payable to Tata Global Beverages Overseas Holdings Limited in the same amount as at 29 March 2007.

A further contribution to Other capital funds in the amount of CZK 70,000 thousand was approved on 26 March 2015. This was settled by netting off the payable to Tata Global Beverages Overseas Holdings Limited in the same amount.

The sole shareholder approved the financial statements for the year ended 31 March 2014 and decided about the allocation of the loss incurred in the year ended 31 March 2014 of CZK 18,629 thousand on 10 June 2014.

In order for the Company to continue as going concern, an ongoing support of its sole shareholder is necessary.

**Tata Global Beverages Czech Republic a.s.**

Notes to financial statements  
for the year ended 31 March 2015

## 7. Provisions

(CZK'000)	31 March 2015	31 March 2014
Provision for untaken holidays and remunerations	970	1,360
<b>Total provisions</b>	<b>970</b>	<b>1,360</b>

## 8. Payables and commitments

Trade and other payables have not been secured against any assets of the Company and are not due after more than 5 years.

The Company does not have any overdue payables related to social or health insurance or any other overdue payables to tax authorities or other state institutions.

The overdue trade payables as at 31 March 2015 amounted to CZK 3,927 thousand (as at 31 March 2014: CZK 82,490 thousand) of which CZK 3,925 thousand (31 March 2014: CZK 82,400 thousand) was attributable to intra-group companies.

Estimated payables as at 31 March 2015 and 2014 consisted mainly of not billed parent company services and customer bonuses.

Total future commitments from operating lease contracts (not recorded in the balance sheet) amounted to CZK 4,523 thousand as at 31 March 2015 (as at 31 March 2014: CZK 3,667 thousand).

## 9. Income tax

The Company does not have any overdue tax liability registered with tax office as at 31 March 2015 or 2014.

Deferred tax asset can be analysed as follows:

(CZK'000)	Year ended 31 March 2015	Year ended 31 March 2014
<b>Deferred tax asset arising from:</b>		
Difference between accounting and tax net book value of fixed assets	21,872	21,288
Provisions for inventories and receivables	26	121
Provisions	184	258
Tax losses carried forward	12,856	6,412
Liabilities: 3 or more years overdue	-	5,811
<b>Net deferred tax asset</b>	<b>34,938</b>	<b>33,890</b>

A potential net deferred tax asset of CZK 34,938 thousand as at 31 March 2015 (as at 31 March 2014: CZK 33,890 thousand) has not been recognised as it is not probable that future taxable profit will be available against which the unused tax credits can be utilised. The 19% rate has been used for its calculation as at 31 March 2015 and 2014.

The Company had tax losses of CZK 67,661 thousand as at 31 March 2015 (as at 31 March 2014: CZK 33,749 thousand) out of which CZK 10,730 thousand can be utilised up to 2016, CZK 42,126 thousand up to 2017, CZK 3,604 thousand up to 2019, and CZK 11,201 thousand up to 2020.

**Tata Global Beverages Czech Republic a.s.**

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for the year ended 31 March 2015

**10. Employees**

	Staff costs (CZK'000)		Average number of employees during the year	
	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2014
Members of management	11,116	9,987	10	10
Other staff	23,661	24,801	73	77
<b>Total</b>	<b>34,777</b>	<b>34,788</b>	<b>83</b>	<b>87</b>

The Company's management includes directors and managers directly subordinated to them.

**11. Related party transactions**

The following related party balances were outstanding as at:

(CZK'000)	31 March 2015	31 March 2014
<b>Receivables</b>		
Trade receivables	18	18
Other receivables (invoiced and not invoiced)	2,668	1,829
Loans receivable	-	149,749
<b>Total</b>	<b>2,686</b>	<b>151,596</b>
<b>Liabilities</b>		
Unpaid management fees (not invoiced)	13,481	52,336
Other liabilities (not invoiced)	500	-
Unpaid interest (charged and not charged)	5,188	41,756
Loan payable	49,686	217,099
<b>Total</b>	<b>68,855</b>	<b>311,191</b>

Loans receivable has been classified as non-current, it was not secured and bears an interest rate of 2.36% (as at 31 March 2014: 2.44%). Loan has been fully paid during the financial year.

Based on the Company's sole shareholder's declaration the loan received has been classified as non-current. The loan was not secured and bears an interest rate of 2.36% (as at 31 March 2014: 2.44%). During the year, the Company paid overdue management fees from previous years and a part of the long-term loan payable.

Majority of the Company's Other financial income resulted from an agreement on the waiver of right of Tata Global Beverages Overseas Holdings Ltd. to part of the unpaid interest from the long-term loan.

Company cars are made available for use by the management.

Except for the above-mentioned, there was no other remuneration provided to the shareholders, members of the board of directors and the supervisory board and other management during the year ended 31 March 2015 and 2014 neither in cash nor in kind.

**12. Fees paid and payable to the auditor**

The total fees paid and payable for statutory audit of financial statements performed by PricewaterhouseCoopers Audit, s.r.o. for the year ended 31 March 2015 amounted to CZK 490 thousand.



***Tata Global Beverages Czech Republic a.s.***

Notes to financial statements  
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***13. Contingent liabilities***

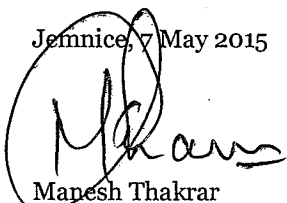
The management of the Company is not aware of any significant unrecorded contingent liabilities as at 31 March 2015 and 2014.

***14. Subsequent events***

No events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 March 2015.

These financial statements were approved by the Board of Directors for presentation to the General Meeting and signed on behalf of the Board of Directors.

Jemnice, 7 May 2015



Manesh Thakrar  
Member of the Board of Directors