

KAHUTARA HOLDINGS LIMITED

FINANCIAL STATEMENTS

31 March 2021

KAHUTARA HOLDINGS LIMITED

FINANCIAL STATEMENTS

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KAHUTARA HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Lakshminaran Krishnakumar
Nina Iosif
Stefani Orfanidou
Eftychia Spyrou

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
3030 Limassol
Cyprus

Registered office:

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

Registration number:

HE216538

Independent Auditor's Report

To the Members of Kahutara Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kahutara Holdings Limited (the "Company"), which are presented in pages 5 to 21 and comprise the statement of financial position as at 31 March 2021, 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 Kahutara Holdings Limited as at 31 March 2021, 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' Code of Ethics for Professional Accountants" (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.

Emphasis of Matter

We draw attention to note 4 of the financial statements where it is indicated that the financial statements have not been prepared on a going concern basis since it is the intention of Management to liquidate the Company as soon as the liquidation arrangements can be made. Our opinion is not qualified in respect of this matter.



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Independent Auditor's Report (continued)

To the Members of Kahutara Holdings Limited

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 Kahutara Holdings Limited

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, 4 June 2021

KAHUTARA HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 March 2021

	Note	2021 US\$	2020 US\$
Net other income	15.2	29,001,882	-
Other waived balances		(58)	-
Administration expenses	7	(16,300)	(30,927)
Impairment losses on financial assets		-	(4,581,515)
Operating profit/(loss)		28,985,524	(4,612,442)
Finance income	8	55	824
Finance costs	8	(3,884)	(1,694)
Profit/(loss) before tax		28,981,695	(4,613,312)
Tax	9	-	-
Net profit/(loss) for the year		28,981,695	(4,613,312)
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the year		28,981,695	(4,613,312)

The notes on pages 9 to 21 form an integral part of these financial statements.

KAHUTARA HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Note	2021 US\$	2020 US\$
ASSETS			
Non-current assets			
Investments in subsidiaries	10	-	-
Current assets			
Trade and other receivables	11	-	149,345
Total assets		-	149,345
EQUITY AND LIABILITIES			
Equity			
Share capital	12	20,000	20,000
Share premium		23,471,231	23,471,231
Accumulated losses		(23,491,231)	(52,472,926)
Total equity		-	(28,981,695)
Current liabilities			
Trade and other payables	13	-	46,413
Loans from related companies	15.4	-	29,084,605
Current tax liabilities	14	-	22
		-	29,131,040
Total equity and liabilities		-	149,345

On 4/5/21, 2021 the Board of Directors of Kahutara Holdings Limited authorised these financial statements for issue.


Lakshmanan Krishnakumar
Director


Nabeel Josif
Director

The notes on pages 9 to 21 form an integral part of these financial statements.

KAHUTARA HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

31 March 2021

	Share capital US\$	Share premium US\$	Accumulated losses US\$	Total US\$
Balance at 1 April 2019	20,000	23,471,231	(47,859,614)	(24,368,383)
Comprehensive income				
Net loss for the year	-	-	(4,613,312)	(4,613,312)
Balance at 31 March 2020 / 1 April 2020	20,000	23,471,231	(52,472,926)	(28,981,695)
Comprehensive income				
Net profit for the year	-	-	28,981,695	28,981,695
Balance at 31 March 2021	20,000	23,471,231	(23,491,231)	-

Share premium is not available for distribution.

The notes on pages 9 to 21 form an integral part of these financial statements.

KAHUTARA HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

31 March 2021

	2021 US\$	2020 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	28,981,695	(4,613,312)
Adjustments for:		
Impairment losses on financial assets	-	4,581,515
Receivable balances waived	141,132	-
Payable to related parties waived	(58,409)	-
Loan payable to related parties waived	(29,084,605)	-
Interest expense	-	122,326
Interest waived	-	(122,326)
	(20,187)	(31,797)
Changes in working capital:		
Decrease in trade and other receivables	8,213	21,095
Increase in trade and other payables	11,974	9,065
Cash used in operations	-	(1,637)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan repayment received	-	1,176,000
Net cash generated from investing activities	-	1,176,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans from related companies	-	(1,175,000)
Net cash used in financing activities	-	(1,175,000)
Net decrease in cash and cash equivalents	-	(637)
Cash and cash equivalents at beginning of the year	-	637
Cash and cash equivalents at end of the year	-	-

The notes on pages 9 to 21 form an integral part of these financial statements.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

1. Incorporation and principal activities

Country of incorporation

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

Principal activities

The principal activities of the Company are the holding and management of investments. However, it is the intention of the Management to proceed with the liquidation of the Company as soon as the liquidation arrangement can be made.

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 (formerly Tata Global Beverages Group Limited), a company incorporated in 18 December 1999 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 2020. This adoption did have a material effect on the accounting policies of the Company.

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.

Going concern basis

The financial statements have not been prepared on a going concern basis since it is the intention of Management to liquidate the Company as soon as the liquidation arrangements can be made.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

4. Significant accounting policies (continued)

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 recognized 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 recognized in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Revenue

- **Interest recognition**

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

- **Dividend Income**

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

Finance costs

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

Foreign currency translation

- (1) **Functional and presentation currency**

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

- (2) **Transactions and balances**

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

Tax

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

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

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

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

4. Significant accounting policies (continued)

Tax (continued)

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Financial assets - Classification

From 1 April 2019, 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 recognised when the entity becomes a party to the contractual provisions of the investments.

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.

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. There are three measurement categories into which the Company classifies its debt instruments:

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 2019, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. 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.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

4. Significant accounting policies (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

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 "net impairment losses on financial and contract 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.

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 others, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg 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 assess 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.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

4. Significant accounting policies (continued)

Cash and cash equivalents

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

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.

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.

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 obligation using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Comparatives

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

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

5. Financial risk management

Financial risk factors

The Company is exposed to credit risk and liquidity risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

5.1 Credit risk

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

(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

Trade receivables and contract assets

Financial assets

Financial assets at amortised cost

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

The Company considers the probability of default upon initial recognition of an 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.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

5. Financial risk management (continued)

5.1 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 loans receivables 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.

Where 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 equivalent, 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	-	-	(4,861,127)	(4,861,127)	-	-	10,467,734	10,467,734
Individual financial assets transferred to non - performing (credit-impaired financial assets)	-	-	(4,581,515)	(4,581,515)	-	-	-	-
Closing balances as at 31 March 2020 (calculated under IFRS 9)	-	-	(9,442,642)	(9,442,642)	-	-	9,442,642	9,442,642

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

5. Financial risk management (continued)

5.2 Liquidity risk

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

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

31 March 2021

	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$
Trade and other payables	-	-	-
Payables to related parties	-	-	-
Loan from parent	-	-	-
Loans from related companies	-	-	-
	-	-	-

31 March 2020

	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$
Trade and other payables	4,639	4,639	4,639
Payables to related parties	34,363	34,363	34,363
Loan from parent	1,396,449	1,396,449	1,396,449
Loans from related companies	27,688,156	27,688,156	27,688,156
	29,123,607	29,123,607	29,123,607

6. Critical accounting estimates, judgments and assumptions

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:

- **Income tax**

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 for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

6. Critical accounting estimates, judgments and assumptions (continued)

Critical judgements in applying the Company's accounting policies

• 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. Expenses by nature

	2021 US\$	2020 US\$
Legal fees	4,014	3,507
Accounting fees	6,132	10,233
Auditors' remuneration	1,452	5,515
Professional fees	1,546	6,319
Irrecoverable VAT	2,196	4,625
Other expenses	960	728
Total administration expenses	16,300	30,927

Given the intention of Management to proceed with the liquidation of the Company as disclosed in Note 4 to the financial statements, all expenses of the Company incurred after the decision taken for liquidation will be borne by the parent entity Tata Consumer Products UK Group Limited. As such, no accrual has been recognised for these expenses. The aforementioned expenses are analysed below:

	2021 US\$	2020 US\$
Audit fees	5,869	-
Accounting fees	2,421	-
Total expenses	8,290	-

8. Finance income/(costs)

	2021 US\$	2020 US\$
Finance income		
Realised foreign exchange profit	55	-
Unrealised foreign exchange profit	-	824
	55	824

Finance costs

Sundry finance expenses

Bank charges	-	1,637
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Net foreign exchange losses

Realised foreign exchange loss	-	57
Unrealised foreign exchange loss	3,884	-
	3,884	1,694

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

9. Tax

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

	2021 US\$	2020 US\$
Profit/(loss) before tax	<u>28,981,695</u>	<u>(4,613,312)</u>
Tax calculated at the applicable tax rates	3,622,712	(576,664)
Tax effect of expenses not deductible for tax purposes	1,244	556,408
Tax effect of allowances and income not subject to tax	(3,625,235)	18,767
Tax effect of tax loss for the year	<u>1,279</u>	<u>1,489</u>
Tax charge	<u>-</u>	<u>-</u>

The corporation tax rate is 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.

10. Investments in subsidiaries

	2021 US\$	2020 US\$
Balance at 1 April	-	-
Balance at 31 March	<u>-</u>	<u>-</u>

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

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2021 Holding %	2020 Holding %
Suntycu Holding Ltd	Cyprus	Holding shares in Company having Trade Marks ownership	100	100

An impairment of US\$ 47,065,811 was recognised in the Company's records on 31 March 2015, 31 March 2016 and 31 March 2017 respectively.

The intention of the management is to liquidate the investment as soon as arrangement can be made.

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

11. Trade and other receivables

	2021 US\$	2020 US\$
Receivables from related companies (Note 15.1)	-	47,887
Receivables from parent (Note 15.1)	-	99,801
Deposits and prepayments	-	1,657
	<u>-</u>	<u>149,345</u>

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

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

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

12. Share capital

	2021 Number of shares	2021 US\$	2020 Number of shares	2020 US\$
Authorised				
Ordinary Class A shares of US\$1 each	13,000	13,000	13,000	13,000
Ordinary Class B shares of US\$1 each	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
		US\$		US\$
Issued and fully paid				
Ordinary "A" shares-				
Balance at 1 April	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>
Balance at 31 March	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>
Ordinary "B" shares-				
Balance at 1 April	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
Balance at 31 March	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
Total at 31 March	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

Authorised capital

The authorized share capital is 13,000 ordinary "A" shares of US\$1 each and 7,000 ordinary "B" shares of US\$1 each. The rights of shares A and B are defined in the Memorandum and Articles of the Company. Class A shares are entitled to an additional preferential dividend of US\$7,825,000 before any dividends are to be paid to both classes pro-rata. Dividends over and above such preferential dividend are distributed to the shareholders based on their percentage holding.

Issued Capital

At the year end the issued share capital was 13,000 ordinary "A" shares of nominal value US\$1 and 7,000 ordinary "B" shares of nominal value US\$1 each.

KAHUTARA HOLDINGS LIMITED

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31 March 2021

13. Trade and other payables

	2021 US\$	2020 US\$
Accruals	-	7,411
Other creditors	-	4,639
Payables to associates (Note 15.3)	-	34,363
	<u>-</u>	<u>46,413</u>

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

14. Current tax liabilities

	2021 US\$	2020 US\$
Special contribution for defence	-	22
	<u>-</u>	<u>22</u>

15. Related party balances and transactions

The Company is controlled by Tata Consumer Products UK Group Limited, incorporated in the UK, which owns 100% of the Company's shares. The ultimate parent company is Tata Consumer Products Ltd, incorporated in India.

The following transactions were carried out with related parties:

15.1 Receivables from related parties (Note 11)

	2021 US\$	2020 US\$
Onomento Co Ltd	-	47,887
Campestres Holdings Limited	-	99,801
	<u>-</u>	<u>147,688</u>

The outstanding balance due from the related party of US\$141.132 was written off.

15.2 Net other income (waived balances)

	Terms	2021 US\$	2020 US\$
Tata Global Beverages Services Ltd	Loan Payable	27,688,156	-
Suntyno Holding Ltd	Current account - Payable	6,010	-
Tata Global Beverages Services Ltd	Current account - Payable	52,399	-
Onomento Co Ltd	Current account - receivable	(41,331)	-
Campestres Holdings Ltd	Loan Payable	1,396,449	-
Campestres Holdings Ltd	Current account - receivable	(99,801)	-
		<u>29,001,882</u>	<u>-</u>

KAHUTARA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

15. Related party balances and transactions (continued)

15.3 Payables to related parties (Note 13)

<u>Name</u>	<u>Nature of transactions</u>	2021 US\$	2020 US\$
Tata Global Beverages Services Limited	Finance	-	34,363
		<u>-</u>	<u>34,363</u>

The payables to related parties were provided interest free, and there was no specified repayment date.

The outstanding balance due to the related party of US\$58.409 was written off.

15.4 Loans payable to related parties

	2021 US\$	2020 US\$
Campestres Holdings Limited	-	1,396,449
Tata Consumer Products UK Group Limited	-	27,688,156
	<u>-</u>	<u>29,084,605</u>

On 27 January 2014, the Company, as Borrower, entered into an inter-company loan agreement with its parent Campestres Holdings Limited, as Lender, for a revolving credit facility of up to US\$ 1.2million. This loan bore interest at LIBOR plus 5.5% margin per annum and is repayable on demand.

The Company has also two loan facilities from Tata Consumer Products UK Group, holding company of the Company's parent entity. The first facility of US\$2,500,000 bore interest at 3-month LIBOR plus 5.25% margin per annum, is unsecured and is repayable on demand. As from 01 April 2017, the loan bears 0% interest rate.

The second facility, amounted to US\$ 36,700,000 bore interest at ICE LIBOR rate plus 5.50% margin per annum, is unsecured and repayable on demand. As from 01 April 2017 the loan bears 0% interest rate.

The outstanding balance of the loans payable to the related parties of US\$29.084.605 was waived.

16. Contingent liabilities

The Company had no contingent liabilities as at 31 March 2021.

17. Significant events after the end of the financial year

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

Independent auditor's report on pages 2 to 4

