Enduring Value

ITC Limited

REPORT AND ACCOUNTS

OF

SUBSIDIARY COMPANIES

2023

SUBSIDIARY COMPANIES

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023

Your Directors submit their Report for the financial year ended 31st March, 2023.

BUSINESS REVIEW

The Indian Information Technology (IT) Industry remained resilient during the year in the backdrop of heightened uncertainty in the global economic environment. According to industry body NASSCOM, India's technology revenues are estimated to surpass USD 245 Bn in FY 2022-23 at an annual growth rate of 8.4%. IT Services is estimated to grow at 8.3% over FY 2021-22. The technology industry continues to play a pivotal role in enabling organisations to accelerate digital transformation, optimise costs and enhance operational efficiencies.

In this context, your Company remained agile to the evolving business priorities of its clients and partnered with them in driving their growth and transformation agenda. Your Company invested in strengthening its existing capabilities and identifying newer opportunities for long-term growth and differentiation. The Company's portfolio of client and industry-focused capabilities included PLM-led Digital Thread Solutions, Digital Manufacturing, Open Hospitality, Cloud and Sustainability. The Company continued to sharpen its focus on key customer relationships across all industry verticals. Further to a Strategic Partner Agreement with PTC Inc. (a global technology company headquartered in Boston, USA), the Company started a new Service Line 'DxP Services', comprising a global ecosystem of PLM-led Digital Thread and SaaS experts. Your Company expanded its global footprint by setting up new subsidiaries and branches in several countries. Your Company continued to shape its differentiated employee value proposition built on the core tenets of a compelling purpose & culture, holistic well-being, and global career opportunities.

During the year, the Company's consolidated Revenue from Operations was ₹ 3321.20 crores (previous year ₹ 2855.10 crores), representing growth of 16.33%, with Profit Before Tax of ₹ 529.66 crores (previous year ₹ 719.64 crores). Net Profit stood at ₹ 405.25 crores (previous year ₹ 541.04 crores) after considering certain costs associated with the Strategic Partner Agreement with PTC Inc. and investments in strategic focus areas.

Your Company's business-friendly solutions and new-age capabilities continued to gain global recognition across analyst firms. Your Company was positioned as 'Innovator' in Avasant's CPG Digital Services 2022-2023 RadarView, secured 'Disruptor' positionings in their (1) Digital CX Services 2022 RadarView, (2) Digital Workplace Services 2022 RadarView, (3) Manufacturing Digital Services 2022-2023 RadarView, (4) Intelligent Automation Services 2022 RadarView, and featured as 'Challenger' in their GCC Region Digital Services 2022-23 RadarView. Your Company's Automation Capability was recognised with 3 Leadership Positions in the Zinnov Zones Hyperintelligent Automation Services H1 2023 for (1) Intelligent Automation – Mid Tier Service Providers, (2) RPA – Mid Tier Service Providers, and (3) Intelligent Automation Services – Retail & CPG.

The Company stays focused on its strategic pillars of Customer Centricity, Employee Centricity and Operational Excellence, towards fulfilling its vision of providing business-friendly solutions to its clients. As clients across industries and geographies are looking to drive cost efficiencies while sustaining growth momentum, your Company is focused on being their trusted partner in this journey. Towards this, the Company will continue to make client and employee-focused investments to enable it to enter the next phase of its growth and differentiation. An endorsement of this strategy has been winning of a multi-million, multi-year deal in end March, 2023 from an existing marquee client which will bolster mid-term revenue growth.

FINANCIAL RESULTS

Your Company's standalone and consolidated financial results for the year under review are provided below:

	Standalone (₹ in crores)		Consolidated (*) (₹ in crores)	
Year Ended 31st March	**2023**	**2022**	**2023**	**2022(#)**
Total Income	2673.30	2316.36	3363.06	2884.30
Total Expenses	2209.51	1627.06	2833.40	2164.66
Profit before Tax	463.79	689.30	529.66	719.64
Tax Expenses	110.41	171.49	124.41	178.60
Profit after Tax	353.38	517.81	405.25	541.04

(*) including the financial results of ITC Infotech Limited, ITC Infotech (USA), Inc. (Infotech USA), ITC Infotech Do Brasil LTDA., ITC Infotech France SAS and ITC Infotech GmbH, wholly owned subsidiaries of your Company, and Indivate Inc., wholly owned subsidiary of Infotech USA.

(#) The figures for the year 2022 do not include financials of new subsidiaries incorporated during the FY 2022-23.

INCREASE IN SHARE CAPITAL

During the year, the Company issued 28,00,000 Equity Shares of ₹ 10/- each on rights basis to ITC Limited, the Holding Company ('ITC'), consequent to which the Issued and Paid-up Share Capital of the Company as on 31st March, 2023 increased to ₹ 88 crores, divided into 8,80,00,000 Equity Shares of ₹ 10/- each.

DIVIDEND

During the year, an interim dividend of ₹ 17/- per share on 8,80,00,000 Equity Shares (previous year: ₹ 53/- per share on 8,52,00,000 Equity Shares) of ₹ 10/- each, aggregating ₹ 149.60 crores, was declared by the Board of Directors of the Company ('the Board') on 23rd March, 2023. The Board has recommended that the said interim dividend be confirmed as the final dividend for the financial year ended 31st March, 2023.

WHOLLY OWNED SUBSIDIARY COMPANIES

Details about subsidiaries of your Company, including highlights of their performance and their contribution to the overall performance of the Company, are covered in **Annexure 1** to this Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in Directors during the year

Messrs. Supratim Dutta (DIN: 01804345) and Rajendra Kumar Singhi (DIN: 00009931) were appointed, with your approval, as Non-Executive Directors of the Company with effect from 21st July, 2022.

Messrs. Rajiv Tandon (DIN: 00042227) and Biswa Behari Chatterjee (DIN: 00045140) retired by rotation at the 26th Annual General Meeting ('AGM') of the Company and ceased to be Directors from the conclusion of the AGM on 20th July, 2022. Your Directors place on record their appreciation for the valuable contribution made by Messrs. Tandon and Chatterjee during their association with the Company.

Mr. Sudip Singh will complete his present term as the Managing Director & Chief Executive Officer of your Company on 31st January, 2024. The Board at the meeting held on 3rd May, 2023, on the recommendation of the Nomination and Remuneration Committee, has recommended for the approval of the Members, the re-appointment of Mr. Singh as a Director, not liable to retire by rotation, and also as the Managing Director & Chief Executive Officer of your Company for a period of five years with effect from 1st February, 2024.

Requisite Notice under Section 160 of the Companies Act, 2013 ('the Act') has been received by the Company for the appointment of Mr. Singh, who has filed his consent to act as a Director of your Company, if appointed.

Appropriate resolution seeking your approval to the aforesaid re-appointment of Mr. Singh is appearing in the Notice convening the ensuing AGM of the Company.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Articles 143 and 144 of the Articles of Association of the Company, Messrs. Sanjiv Puri (DIN: 00280529) and Sivakumar Surampudi (DIN: 00341392) will retire by rotation at the 27th AGM of the Company and, being eligible, offer themselves for re-election. Your Board has recommended their re-election.

Change in Key Managerial Personnel during the year

Mr. Sanjay Virendrakumar Shah (Membership No.: ACS 5944) stepped down as the Company Secretary of the Company with effect from close of work on 26th June, 2022. The Board, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Sharad Jain (Membership No.: ACS 19027) as the Company Secretary of the Company with effect from 27th June, 2022, in terms of the provisions of Section 203 of the Act.

BOARD AND BOARD COMMITTEES

Currently, there are three Board Committees – the Audit Committee, the Nomination and Remuneration Committee and the Corporate Social Responsibility Committee. The present composition of these Board Committees is provided below:

Audit Committee	**Nomination and Remuneration Committee**
Mr. S. Dutta (Chairman)	Mr. S. Sivakumar (Chairman)
Ms. P. Balaji	Mr. S. Dutta
Mr. R. K. Singhi	Mr. R. K. Singhi

Corporate Social Responsibility Committee

Mr. S. Sivakumar (Chairman)

Ms. P. Balaji

Mr. R. K. Singhi

Number of Board Meetings

Ten meetings of the Board were held during the year ended 31st March, 2023.

ATTRIBUTES, QUALIFICATIONS AND APPOINTMENT OF DIRECTORS

As reported in the previous years, the Nomination and Remuneration Committee has adopted the attributes and qualifications as provided in Section 149(6) of the Act and Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, to the extent applicable to the Directors of the Company.

All the Non-Executive Directors of your Company are liable to retire by rotation; one-third of them retire every year and are eligible for re-election. The Non-Executive Directors of your Company fulfil the fit and proper criteria for appointment as Directors.

BOARD EVALUATION

The Board carried out annual performance evaluation of its own performance and that of the individual Directors as also functioning of the Board Committees, in terms of Section 134 of the Act. The performance evaluation of the Board and the Directors, as in the previous year, was based on criteria approved by the Nomination and Remuneration Committee. Reports on functioning of Committees were placed before the Board by the respective Committee Chairman.

REMUNERATION POLICY

The Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other employees of your Company is available on its website and can be accessed at https://www.itcinfotech.com/compliance.

The salient features of the Policy, which remained unchanged during the year, are as below:

Remuneration practices in your Company are designed to align each employee with ITC Infotech's superordinate goal of enhancing value creation and to enable a congruence between individual aspirations and the Company's vision. The remuneration practices will continue to be anchored on the principles of fairness, equity and consistency and will be free of discrimination.

The Company's Remuneration Policy, inter alia, provides:

1. To ensure that the Remuneration practices support and encourage meritocracy.
2. To ensure that Remuneration is market-led and takes into account the competitive context of the business.
3. To leverage Remuneration as an effective instrument to enhance performance and therefore to link remuneration to both individual and collective performance outcomes.
4. To design Remuneration practices such that they reinforce the Company's values and culture and creates an organisation that is an Employer of Choice.

RISK MANAGEMENT

Your Company's Risk Management System - Policy & Framework is designed to bring robustness to the risk management processes within the Company and to address risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company in a rapidly changing technology landscape and a dynamic business environment.

The management of risks is embedded in the corporate strategies of your Company that help in developing a world class business in the field of Information Technology Services which match the organisational capability with market opportunities.

Your Company has adopted the ISO 31000:2018 Risk Management Principles and Guidelines in 2021. Accordingly, the Risk Management Policy & Framework is assessed independently each year to ensure alignment with the aforesaid global Standard on Risk Management.

While the Corporate Governance Policy lays down the roles and responsibilities and authority at various levels, the corporate policies and standard operating procedures set out the philosophy and processes under which management needs to conduct the operations within a control driven and risk managed environment.

The Company conducts risk assessment of customer projects and ensures the provision of quality information technology services. The Company maintains its certification under international standards viz ISO 9001: 2015 for Quality Management System, ISO/IEC 20000-1:2018 for Information Technology Service Management System and ISO/IEC 27001:2013 for Information Security Management System.

Under this backdrop, management of risks vests with the executive management responsible for the day-to-day conduct of the affairs of your Company. The Internal Audit Department of ITC Limited as the Internal Auditors of your Company periodically carries out risk focused audits which lead to the identification of areas where risk management processes need to be strengthened. Further, the Corporate Audit Department of your Company, comprising identified managers, verifies compliance with laid down policies and procedures, and helps plug control gaps in the formulation of control procedures for newer areas of operation; their reports are provided to the Internal Auditors to enable a holistic approach to audit.

Management provides an annual update to the Audit Committee on the effectiveness of the Company's risk management systems and policies. The Audit Committee evaluates the effectiveness of risk management systems and provides reassurance to the Board.

INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with reference to the financial statements, commensurate with its size and scale of operations. The Internal Auditors evaluate the adequacy and efficacy of such internal financial controls. The Audit Committee provides guidance on internal controls, reviews internal audit findings and ensures that the internal audit recommendations are implemented.

During the year under review, no reportable material weakness in the design or operation of the internal financial controls in the Company was observed. Nonetheless your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations. Therefore, regular audit and review processes are undertaken to ensure that such systems are reinforced on an ongoing basis.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Annual Report on CSR activities of your Company as required under Section 134(3)(o) read with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided in **Annexure 2** to this Report.

During the year, the Company launched an exclusive programme for promoting STEM (Science, Technology, Engineering and Mathematics) education on a pilot basis, with the objective of helping youth from economically weaker sections to strengthen their industry-readiness in the field of data analytics, Mobile app development etc. The STEM Education Programme of the Company has been named as "ASPIRE" – ITC Infotech's STEM Education Programme Enabling IT Industry Readiness, and it was implemented during the year in colleges in Tamil Nadu and Assam covering over 200 beneficiaries.

OTHER INFORMATION

I. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Considering that your Company is in the business of providing information technology services and solutions, no comment is required on conservation of energy and technology absorption. Your Company being a software solution provider requires minimal energy consumption and every endeavour is made to ensure optimal use of energy.

II. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of your Company during the year aggregated ₹ 1972.50 crores (previous year: ₹ 1682.93 crores), while the outgoings aggregated ₹ 492.34 crores (previous year: ₹ 191.79 crores).

III. PARTICULARS OF EMPLOYEES

The particulars of the Company's employees, pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including details of employees who had drawn remuneration more than the limits specified in the said Rules, are provided in **Annexure 3** to this Report. In terms of the proviso to Rule 5(3), particulars of employees posted and working in a country outside India have not been included in the Annexure. Such details will be furnished to the Company's shareholders upon request.

IV. ANNUAL RETURN

As per the provisions of Section 92(3) and Section 134(3)(a) of the Act, the Annual Return in Form No. MGT-7 is available on the Company's website and can be accessed at https://www.itcinfotech.com/compliance.

V. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are provided in Note 3 to the Financial Statements of the Company.

VI. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts or arrangements entered into by the Company with its related parties during the financial year were in the ordinary course of business and on arm's length basis. The details of material transactions entered into by your Company with its related parties are provided in **Annexure 4** (Form No. AOC-2) to this Report.

VII. COST RECORDS

Your Company, being in the business of providing information technology services and solutions, is not required to maintain cost records, as specified by the Central Government under Section 148(1) of the Act.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of knowledge & belief and according to the information and explanations obtained, your Directors, in terms of Sections 134(3)(c) and 134(5) of the Act, confirm having:

i. followed in the preparation of the Annual Accounts for the financial year ended 31st March, 2023, the applicable accounting standards along with proper explanation relating to material departures, if any;

ii. selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

iv. prepared the Annual Accounts on a going concern basis; and

v. devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its future operations.

AUDITORS

(a) Statutory Auditors

Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, Firm Registration Number 117366W/W-100018 ('DHS'), were re-appointed as the Statutory Auditors of the Company for a period of five years to hold office from the conclusion of the 26th AGM held on 20th July, 2022 until the conclusion of the 31st AGM.

The Board, in terms of Section 142 of the Act and on the recommendation of the Audit Committee, has recommended for the approval of the Members, the remuneration to DHS to conduct the audit of the Standalone Financial Statements of the Company for the financial year 2023-24.

Appropriate resolution seeking your approval in respect of the remuneration to DHS is included in the Notice convening the 27th AGM of the Company.

(b) Secretarial Auditors

Your Board appointed Messrs. Vinod Kothari & Company, Practising Company Secretaries, to conduct the Secretarial Audit of your Company for the financial year ended 31st March, 2023. The Secretarial Auditors have confirmed that your Company has complied with the applicable laws and that there are adequate systems and processes in your Company commensurate with its size and scale of operations to monitor and ensure compliance with the applicable laws.

The Report of the Secretarial Auditors, in terms of Section 204(1) of the Act, is provided in **Annexure 5** to this Report.

SECRETARIAL STANDARDS

Your Company has complied with the requirements of the Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has zero tolerance towards any sexual harassment at the workplace. In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder, the Company has in place an Internal Complaints Committee for conducting inquiry into the complaints received on harassments at the workplace. During the year under review, the Internal Complaints Committee did not receive any complaint.

ACKNOWLEDGEMENTS

Your Directors thank the clients, partners and vendors for their continued support, and employees for their unstinted support, hard work, solidarity and co-operation.

On behalf of the Board

	S. Sivakumar	**S. Singh**
	Vice Chairman	Managing Director & CEO
Date: 3rd May, 2023	Hyderabad	Bengaluru

ANNEXURE 1 TO THE REPORT OF THE BOARD OF DIRECTORS

WHOLLY OWNED SUBSIDIARY COMPANIES

New subsidiaries incorporated

The Company expanded its global footprint by setting up new subsidiaries in Brazil, France, Germany, Malaysia & Mexico and branches in Abu Dhabi, Canada, Italy, Poland, Romania and Switzerland. The expanded on-shore / near-shore presence in these countries will enable the Company to strengthen its capabilities to cater to the business and strategic needs of its global clientele.

The names of the new subsidiaries incorporated are stated below:

NAME OF THE SUBSIDIARY	DATE OF INCORPORATION
ITC Infotech Do Brasil LTDA. (Infotech Brazil)	10th October, 2022
ITC Infotech Malaysia SDN. BHD. (Infotech Malaysia)	3rd February, 2023
ITC Infotech France SAS (Infotech France)	8th February, 2023
ITC Infotech GmbH (Infotech Germany)	10th March, 2023
ITC Infotech de México, S.A. de C.V.	17th April, 2023

The above subsidiaries are / will be engaged in the business of providing information technology services and solutions.

The statement in Form AOC-1 containing the salient features of the financial statements of ITC Infotech Limited (Infotech UK), ITC Infotech (USA), Inc. (Infotech USA), Infotech Brazil, Infotech France and Infotech Germany, wholly owned subsidiaries of your Company, and Indivate Inc., wholly owned subsidiary of Infotech USA, for the financial year 2022-23 is attached to the Financial Statements of the Company. The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements.

The highlights of performance of the subsidiaries of your Company during the year under review are set out below:

Company	Currency	Revenue		Net Profit	
		2022-23	2021-22	2022-23	2021-22
Infotech UK	GBP in Million	30.30	40.02	1.45	0.79
Infotech USA	USD in Million	145.13	133.34	3.87	2.52
Indivate Inc.	USD Million	4.15	0.42	0.80	0.01
Infotech Brazil	BRL Million	1.37	NA	0.12	NA
Infotech France	EUR	7150	NA	552	NA
Infotech Germany	EUR	7150	NA	442	NA

The Subsidiary incorporated in Malaysia did not have any business activity during the financial year ended 31st March, 2023 and hence had no profits.

ANNEXURE 2 TO THE REPORT OF THE BOARD OF DIRECTORS

Annual Report on CSR Activities of the Company for the Financial Year ended 31st March, 2023

1. Brief outline

ITC Infotech India Limited, being a wholly owned subsidiary of ITC Limited ('ITC'), will discharge its corporate social responsibility by aligning itself with the CSR Policy of ITC and by undertaking CSR activities in areas or subjects which are independent of the normal conduct of the Company's business and are aligned to the activities listed in Schedule VII read with Section 135 of the Companies Act, 2013 ('the Act') and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Salient features of the Company's CSR Policy:

The Company -

✓ Will undertake CSR activities (a) directly, or (b) through a registered public trust or a registered society or a company under Section 8 of the Act, established by ITC or otherwise, having track record of at least three years in undertaking CSR activities, or (c) through other implementing agencies.

✓ May collaborate with ITC or other companies for undertaking CSR activities in such a manner that the respective companies are in a position to report separately on the CSR activities being undertaken.

✓ Will spend in every financial year, two percent of its average net profits during the three immediately preceding financial years (or such other limit as may be prescribed under the Act), on CSR activities in pursuance of the Policy.

2. Composition of the CSR Committee as on 31st March, 2023:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. S. Sivakumar (Chairman of the Committee)	Vice Chairman and Non-Executive Director	2	2
2	Ms. P. Balaji	Non-Executive Director		2
3	Mr. R. K. Singhi*	Non-Executive Director		1

* Appointed Member w.e.f. 21st July, 2022.

3. Provide the web-link(s) where composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company – https://www.itcinfotech.com/compliance.

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable - Not Applicable

5. (a) Average net profits of the Company as per sub-section (5) of Section 135 – ₹ 506.52 crores
   (b) Two percent of average net profits of the Company as per sub-section (5) of Section 135 – ₹ 10.13 crores
   (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - Nil
   (d) Amount required to be set-off for the financial year, if any - Nil
   (e) Total CSR obligation for the financial year [(b)+(c)-(d)] - ₹ 10.13 crores

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) - ₹ 10.14 crores
   (b) Amount spent in Administrative Overheads - Nil
   (c) Amount spent on Impact Assessment, if applicable - Nil
   (d) Total amount spent for the Financial Year [(a)+(b)+(c)] - ₹ 10.14 crores
   (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 10.14 crores	Nil				

   (f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profits of the Company as per sub-section (5) of Section 135	Nil
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	
(v)	Amount available for set-off in succeeding Financial Years [(iii)-(iv)]	

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub- section (6) of Section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub- section (6) of Section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of Section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
Nil								

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

   ○ Yes ✓ No

   If Yes, enter the number of Capital assets created / acquired: Not Applicable

   Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin Code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

9. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per sub-section (5) of Section 135 – Not Applicable

S. Sivakumar
Chairman - CSR Committee
Hyderabad

S. Singh
Managing Director & CEO
Bengaluru

Date: 3rd May, 2023

ANNEXURE 3 TO THE REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Top ten employees in terms of remuneration drawn

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment / Deputation	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
SINGH SUDIP	50	Managing Director & Chief Executive Officer	6,00,82,031	3,34,76,167	M.B.A.	25	28-Jan-2019	Infosys Ltd., Global Industry Head - Energy, Utilities, Resources & Services Segment
BATRA RAKESH #	59	Chief Financial Officer	3,08,59,713	1,32,67,485	B.Com (Hons.), F.C.A.	37	1-Sep-2006	ITC Ltd., Divisional Manager -Finance, Marketing & FMCG
RAY KAUSHIK	52	Chief Human Resources Officer	1,56,92,213	1,04,11,439	M.B.A.	26	9-Feb-2022	Dr. Reddy's Laboratories Ltd., Vice President - HR
BALAKRISHNAN BRIJESH	47	President - CIO Services	1,52,87,548	98,84,709	PGDM	25	20-May-2021	CSS Corp Pvt. Ltd., Senior Vice President & Delivery Head
RAJASEKHAR V V	58	Sr. Vice President	1,48,45,669	92,33,353	M.B.A.	34	1-Oct-2000	ITC Ltd., Divisional Manager - IT Projects
MITRA SUBHRAKETAN #	47	Vice President - Finance	1,44,05,296	65,83,048	A.C.A.	24	1-Sep-2017	ITC Ltd., Manager, Finance
MUKHERJEE AMARTYA #	44	Vice President - Finance	1,42,61,722	70,64,269	B.Com (Hons.), A.C.A.	20	4-Apr-2017	ITC Ltd., Divisional Manager - Finance
KUMAR SANDEEP	52	Sr. Vice President & Head Global Consulting	1,39,57,968	86,89,966	B.E., PGDM	27	26-Mar-2012	Infosys Ltd., Industry Principal
SHANKARAN SUNDARESH	53	President - Manufacturing & CPG	1,39,26,616	90,70,049	B.E.	31	6-Jan-2020	Infosys Ltd., Vice President
EMMANUEL JAISMON	48	Sr. Vice President - Business Excellence	1,31,50,779	87,46,228	B.TECH.	23	31-Jul-2019	UST Global, Senior Director

Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum

Name	Age	Designation / Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment / Deputation	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
KAKKAR ASHU	52	Chief Information Officer	1,26,19,177	82,99,038	M.B.A.	28	8-Sep-2021	HCL Technologies, Vice President - Global Information Technology
CHAWLA GAURAV	50	Sr. Vice President - Business Development	1,18,51,278	78,17,104	M.B.A.	23	31-Dec-2021	IBM India, General Manager
SEN SANJOY	57	Sr. Vice President - IT Services	1,11,59,273	70,16,545	M.TECH.	34	17-Oct-2000	Tata Technologies India Ltd., Systems Manager
S EAKAMBARAM	54	Sr. Vice President - IT Project & Services	1,08,97,049	71,63,985	B.E., PGDCA	34	1-Oct-2000	ITC Ltd., Business Analyst
V V PADMANABHAM	52	Vice President - IT Services	1,07,24,453	72,18,457	PGDCSA	25	17-Dec-2012	Britannia Industries Ltd., Head of Corporate IT

Other employees employed for a part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month

Name	Age	Designation / Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment / Deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
SARNA AMANDEEP SINGH	46	Sr. Vice President	1,25,76,777	67,29,923	M.C.A.	23	18-Jul-2022	Leela Palaces and Resorts Ltd., Vice President – Information Technology
WARTY ARJUN NITIN	43	Vice President	77,93,952	52,95,885	M.B.A.	19	19-Aug-2022	Zensar Technologies Ltd., Head Corporate Development
SHAH SANJAY V. #	62	Sr. Vice President & Company Secretary	72,77,387	36,89,846	B.Com., A.C.A., A.C.S.	39	13-Dec-2000	ITC Ltd., Assistant Company Secretary
VENKATRAMAN SREENIVAS TRICHY	48	President - Digital Experience	33,37,937	24,61,439	M.B.A.	24	4-Jan-2023	Publicis Sapient, Vice President

Notes :-

On deputation from ITC Limited, the Holding Company ('ITC').

1. Gross Remuneration includes salary, performance bonus, allowances, long-term incentives, and other benefits / applicable perquisites borne by the Company, except the provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.
2. Net Remuneration comprises cash income less (a) income tax, & education cess deducted at source, and (b) employee's own contribution to Provident Fund.
3. Some of the employees listed above have been granted Stock Options by ITC under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. Since these Stock Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options and accordingly, the said grant has not been considered as remuneration.
4. All appointments are / were contractual in accordance with terms and conditions as per Company's rules.
5. None of the above employees is a relative of any Director of the Company.

On behalf of the Board

S. Sivakumar
Vice Chairman
Hyderabad

S. Singh
Managing Director & CEO
Bengaluru

Date: 3rd May, 2023

ANNEXURE 4 TO THE REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

FORM NO. AOC - 2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: **None**
2. Details of material contracts or arrangements or transactions at arm's length basis:

a)	Name(s) of the related party and nature of relationship	ITC Limited (Holding Company)
b)	Nature of contracts / arrangements / transactions	Sale of IT Services
c)	Duration of the contracts / arrangements / transactions	Continuing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	- Provision of IT Services - Pricing based on arm's length margin - Payment upon receipt of invoice - Value of transactions during the year - ₹ 197.19 crores
e)	Date(s) of approval by the Board, if any	N.A.
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	ITC Infotech Limited, UK (Subsidiary)
b)	Nature of contracts / arrangements / transactions	Sale of IT Services
c)	Duration of the contracts / arrangements / transactions	Continuing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	- Subcontracting of execution and management of customer contracts - Pricing based on arm's length margin - Periodic invoicing; payment within 90 days - Value of transactions during the year - ₹ 115.95 crores
e)	Date(s) of approval by the Board, if any	N.A.
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	ITC Infotech (USA), Inc. (Subsidiary)
b)	Nature of contracts / arrangements / transactions	Sale of IT Services
c)	Duration of the contracts / arrangements / transactions	Continuing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	- Subcontracting of execution and management of customer contracts - Pricing based on arm's length margin - Periodic invoicing; payment within 90 days - Value of transactions during the year - ₹ 691.89 crores
e)	Date(s) of approval by the Board, if any	N.A.
f)	Amount paid as advances, if any	Nil

On behalf of the Board

S. Sivakumar
Vice Chairman
Hyderabad

S. Singh
Managing Director & CEO
Bengaluru

Date: 3rd May, 2023

ANNEXURE 5 TO THE REPORT OF THE BOARD OF DIRECTORS

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
ITC Infotech India Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ITC Infotech India Limited (hereinafter called "Company") for the financial year ended March 31, 2023 ["Audit Period"] in terms of the engagement letter dated December 27, 2022. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the Audit Period, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place.

We have examined the books, papers, minutes, forms and returns filed and other records maintained by the Company for the Audit Period, according to the provisions of applicable law provided hereunder:

- The Companies Act, 2013 ('Act') and the Rules made thereunder;
- Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder to the extent of Overseas Direct Investment;
- Specific laws applicable to the industry to which the Company belongs, as identified and compliance whereof as confirmed by the management, that is to say:
    a. The Information Technology Act, 2000 and the Rules made thereunder.

We have also examined compliance with the applicable clauses of the Secretarial Standards for Board Meetings (SS-1) and for General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

We report that during the Audit Period, the Company has complied with the provisions of the Act, rules, standards etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted and the changes in the composition of the Board of Directors that took place during the Audit Period, were carried out in compliance with the provisions of the Act and other applicable laws.

Notice along with agenda is given to all the Directors to schedule the Board Meetings and Committee meetings at least seven days in advance. In case of meetings convened at shorter notice, requisite consent has been taken from the Directors/Committee Members. Further, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions were unanimous and there was no instance of dissent in Board or Committee Meetings.

We further report that there are adequate systems and processes in the Company, commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period, the Company has undertaken the below mentioned specific event/action that can have a bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, standards, etc:

a. Increase in Authorised Share Capital

The shareholders have approved increase in the authorised share capital of the Company from Rs.86,00,00,000/- (Rupees Eighty Six Crores) to Rs.100,00,00,000/- (Rupees Hundred Crores).

b. Issuance of Further Capital on Rights Basis

The Board has approved issuance of 28,00,000 equity shares of the Company of Rs.10/- each on rights basis to ITC Limited, the Holding Company. The Paid-up share capital of the Company consequently increased to Rs.88 crores.

c. Incorporation of Wholly Owned Subsidiaries

The Company has incorporated the following new wholly owned subsidiaries: ITC Infotech Do Brasil LTDA., ITC Infotech GmbH, ITC Infotech France SAS, ITC Infotech Malaysia SDN. BHD. and ITC Infotech de México, S.A. de C.V.

Place: Kolkata
Date: 3rd May, 2023

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Unique Code: P1996WB042300

Pammy Jaiswal
Partner
Membership No.: A48046
CP No.: 18059
UDIN: A048046E000243043
Peer Review Certificate No.: 781/2020

The report is to be read with our letter of even date which is annexed as **Annexure 'I'** and forms an integral part of this report

Annexure I
Auditor and Management Responsibility
ANNEXURE TO SECRETARIAL AUDIT REPORT

To,
The Members,
ITC Infotech India Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. Our Audit examination is restricted only up to legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same;
4. Wherever our Audit has required our examination of books and records maintained by the Company, we have relied upon electronic versions of such books and records, as provided to us through online communication. Considering the effectiveness of information technology tools in the audit processes, we have conducted online verification and examination of records, as facilitated by the Company, for the purpose of issuing this Report. In doing so, we have followed the guidance as issued by the Institute;
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws;
6. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc;
7. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis;
8. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices;
9. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company;
10. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

INDEPENDENT AUDITOR'S REPORT

To the Members of ITC Infotech India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of ITC Infotech India Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (the "SAs") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the "ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to the Board's Report but does not include the special purpose consolidated financial statements, standalone financial statements and our auditor's reports thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management 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 Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 SAs 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2023 for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

      v. As stated in Statement of Changes in Equity of the standalone financial statements, the interim dividend declared and paid by the Company during the year is in compliance with Section 123 of the Act.

      vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. 1st April, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)
Girish Bagri
Partner
(Membership No. 066572)
UDIN : 23066572BGXZLP7098

Place: Bengaluru
Date: 3rd May, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of ITC Infotech India Limited ("the Company") as of 31st March, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31st March, 2023, based on the criteria for internal financial control with reference to standalone financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Girish Bagri
Partner
(Membership No. 066572)
UDIN : 23066572BGXZLP7098

Place: Bengaluru
Date: 3rd May, 2023

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, we state that:

(i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment, capital work-in-progress and relevant details of right-of-use assets.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of verification of Property, plant and equipment, capital work-in-progress and right-of-use assets so to cover all the Property, plant and equipment, capital work-in-progress and right-of-use assets in a phased manner, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, plant and equipment, capital work-in-progress and right of use were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee). Hence reporting under clause (i)(c) of the Order is not applicable.

(d) The Company has not revalued any of its property, plant and equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) The Company has not been sanctioned working capital limits in excess of Rs. 500 lakhs, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

(iii) (a) The Company has made investment in companies during the year. The Company has not provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnership or any other parties during the year. Hence, reporting under clause (iii)(a), (b) (except to the extent it pertains to investments), (c), (d), (e) and (f) of the Order is not applicable.

(b) The investments made during the year are, in our opinion, *prima facie*, not prejudicial to the Company's interest.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2023 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31st March, 2023 on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where the dispute is pending	Period to which the Amount relates	Amount (₹ in lakhs)
Finance Act, 1994	Service tax (including interest and penalty)	CESTAT	April 1, 2007 to June 30, 2011	125.66*
Finance Act, 1994	Service tax (including interest and penalty)	CESTAT / Joint Commissioner (Appeals)	July 1, 2011 to June 30, 2017	108.34#

* Net of amount deposited under protest Rs.15.00 lakhs.

Net of amount deposited under protest Rs.16.78 lakhs.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) The Company has not defaulted in repayment of loan or borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any loans (funds) from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries and hence reporting on clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and up to the date of this report).

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv)(a) In our opinion, the Company has an adequate internal audit system (comprising the internal and corporate audit departments) commensurate with the size and nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors, and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)(a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)
Girish Bagri
Partner
(Membership No. 066572)
UDIN : 23066572BGXZLP7098

Place: Bengaluru
Date: 3rd May, 2023

BALANCE SHEET AS AT 31ST MARCH, 2023

	Note No.	As at 31st March, 2023 (₹ in Lakhs)	As at 31st March, 2022 (₹ in Lakhs)
I ASSETS			
1 Non-current Assets			
(a) Property, Plant and Equipment	2	3,462	3,604
(b) Capital-work-in-progress	2	3,717	87
(c) Other Intangible Assets	2	68,830	409
(d) Right-of-Use Assets	2	852	357
(e) Financial Assets			
(i) Investments	3 (a)	14,269	8,704
(ii) Others	5 (a)	47	139
(f) Deferred Tax Assets (Net)	9	1,553	3,470
(g) Income Tax Assets (Net)	10	5,529	2,436
(h) Other Non-Current Assets	11 (a)	173	241
Sub-Total		**98,432**	19,447
2 Current Assets			
(a) Financial Assets			
(i) Investments	3 (b)	35,664	6,904
(ii) Trade Receivables	6	41,134	27,696
(iii) Cash and Cash Equivalents	7	5,247	976
(iv) Other Bank Balances	8	20,000	20,000
(v) Loans	4	–	0
(vi) Others	5 (b)	27,666	26,906
(b) Other Current Assets	11 (b)	8,329	3,992
Sub-Total		**1,38,040**	86,474
TOTAL		**2,36,472**	1,05,921
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	12	8,800	8,520
(b) Other Equity		1,33,795	69,180
Sub-Total		**1,42,595**	77,700
2 Non-current Liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities	25	394	29
(ii) Other Financial Liabilities	13 (b)	1,731	1,134
(iii) Payable towards acquisition of Business and Commercial Rights	36	21,327	–
(b) Provisions	14 (a)	4,104	1,891
Sub-Total		**27,556**	3,054
3 Current Liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities	25	461	334
(ii) Trade Payables			
- Total outstanding dues of micro and small enterprises	13 (a)	14	37
- Total outstanding dues other than Micro and Small Enterprises	13 (a)	13,690	6,596
(iii) Other Financial Liabilities	13 (c)	15,751	13,017
(iv) Payable towards acquisition of Business and Commercial Rights	36	30,947	-
(b) Other Current Liabilities	15	3,490	4,203
(c) Provisions	14 (b)	1,968	980
Sub-Total		**66,321**	25,167
TOTAL		**2,36,472**	1,05,921

The accompanying notes 1 to 39 are an integral part of the Financial Statements

This is the Balance Sheet referred to in our Report of even date.

For Deloitte Haskins & Sells LLP,
Chartered Accountants
Firm Registration Number : 117366 W/W- 100018

Girish Bagri
Partner
Membership Number : 066572

Place : Bengaluru
Date : 03 May, 2023

On behalf of the Board

S. Singh
Managing Director
Bengaluru

S. Sivakumar
Vice Chairman
Hyderabad

R. Batra
Chief Financial Officer
Bengaluru

S. Jain
Company Secretary
Bengaluru

Date : 03 May, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

		Note No.	For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
I	**Revenue from Operations**	16	2,63,230	2,28,857
II	**Other Income**	17	4,100	2,779
III	**Total Income (I+II)**		**2,67,330**	2,31,636
IV	**Expenses**			
	Employee Benefits Expense	18	1,56,700	1,27,221
	Finance Costs	19	349	142
	Depreciation and Amortisation Expense	2	8,647	2,279
	Other Expenses	20	55,255	33,064
	Total Expenses		**2,20,951**	1,62,706
V	**Profit Before Tax (III-IV)**		46,379	68,930
VI	**Tax Expenses**	21 (a)		
	Current Tax		9,012	17,923
	Deferred Tax Charge / (Credit)		2,029	(774)
			11,041	17,149
VII	**Profit for the Year (V-VI)**		**35,338**	51,781
VIII	**Other Comprehensive Income**			
	(a) Items that will not be Reclassified Subsequently to Profit or Loss			
	- Remeasurement Gain / (Loss) of Net Defined Benefit Liability		48	(48)
	Less: Tax Relating to Items that will not be reclassified subsequently to Profit or Loss	21(b)	(12)	12
	(b) (i) Items that will be reclassified to Profit or Loss			
	- Effective portion of losses on designated portion of hedging instruments in a cash flow hedge		(496)	–
	Less: Tax Relating to Items that will be reclassified subsequently to Profit or Loss		125	–
	Total Other Comprehensive Income		**(335)**	(36)
IX	**Total Comprehensive Income for the Year (VII+VIII)**		**35,003**	51,745
X	**Earnings Per Share (in ₹) (Face value ₹ 10 each) (Basic and Diluted)**	27	40.69	60.78

The accompanying notes 1 to 39 are an integral part of the Financial Statements
This is the Statement of Profit and Loss referred to in our Report of even date.

For Deloitte Haskins & Sells LLP,
Chartered Accountants
Firm Registration Number : 117366 W/W- 100018

Girish Bagri
Partner
Membership Number : 066572

Place : Bengaluru
Date : 03 May, 2023

On behalf of the Board

S. Singh
Managing Director
Bengaluru

S. Sivakumar
Vice Chairman
Hyderabad

R. Batra
Chief Financial Officer
Bengaluru

S. Jain
Company Secretary
Bengaluru

Date : 03 May, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

A. Equity Share Capital (₹ in Lakhs)

Balance at 1st April, 2021	Changes in Equity Share Capital during the year	Balance at 31st March, 2022	Changes in Equity Share Capital during the year	Balance at 31st March, 2023
8,520	-	8,520	280	**8,800**

B. Other Equity (₹ in Lakhs)

	Retained Earnings	Capital Contribution for Share Based Payments	Effective Portion of Cash Flow Hedges	Securities Premium	Total
Balance as at 1st April, 2022	**60,384**	**8,796**	-	-	**69,180**
- Profit for the Year	35,338	-	-	-	35,338
- Other Comprehensive Income (Net of Tax)	36	-	(371)	-	(335)
Total Comprehensive Income for the year	**35,374**	-	**(371)**	-	**35,003**
- Issue of Equity Shares to Parent	-	-	-	44,520	44,520
- Payment of Interim Dividend* : @ ₹ 17.00/- per share on 8,80,00,000 Shares: ₹ 14,960 Lakhs	(14,960)	-	-	-	(14,960)
- Recognition of Share Based Payment (Refer Note 29)	-	52	-	-	52
- Options Lapsed during the Year	461	(461)	-	-	-
Balance as at 31st March, 2023	**81,259**	**8,387**	**(371)**	**44,520**	**1,33,795**

(₹ in Lakhs)

	Retained Earnings	Capital Contribution for Share Based Payments	Effective Portion of Cash Flow Hedges	Securities Premium	Total
Balance as at 1st April, 2021	**51,581**	**10,993**	-	-	**62,574**
- Profit for the Year	51,781	-	-	-	51,781
- Other Comprehensive Income (Net of Tax)	(36)	-	-	-	(36)
Total Comprehensive Income for the year	**51,745**	-	-	-	**51,745**
- Payment of Interim Dividend* : @ ₹ 20.50/- per share on 8,52,00,000 Shares: ₹ 17,466 Lakhs @ ₹ 14.75/- per share on 8,52,00,000 Shares: ₹ 12,567 Lakhs @ ₹ 17.75/- per share on 8,52,00,000 Shares: ₹ 15,123 Lakhs	(45,156)	-	-	-	(45,156)
- Recognition of Share Based Payment (Refer Note 29)	-	17	-	-	17
- Options Lapsed during the Year	2,214	(2,214)	-	-	-
Balance as at 31st March, 2022	**60,384**	**8,796**	-	-	**69,180**

* Payment of interim dividend in compliance with Companies Act, 2013

Retained Earnings: This represents the cumulative profits of the Company and effects of re-measurement of defined benefit obligations. This can be utilised in accordance with the provisions of the Companies Act, 2013.

Capital Contribution for Share Based Payments: This reserve represents fair value of options issued to employees under ITC Employee Stock Option Scheme by the Holding Company.

Effective Portion of Cash Flow Hedges: This Reserve represents the cumulative effective portion of changes in Fair Value of hedging instrument that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy.

Securities Premium: This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 39 are an integral part of the Financial Statements

This is the Statement of Changes in Equity referred to in our Report of even date.

For Deloitte Haskins & Sells LLP,
Chartered Accountants
Firm Registration Number : 117366 W/W- 100018

Girish Bagri
Partner
Membership Number : 066572

Place : Bengaluru
Date : 03 May, 2023

On behalf of the Board

S. Singh
Managing Director
Bengaluru

S. Sivakumar
Vice Chairman
Hyderabad

R. Batra
Chief Financial Officer
Bengaluru

S. Jain
Company Secretary
Bengaluru

Date : 03 May, 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

		For the year ended 31st March, 2023 (₹ in Lakhs)		For the year ended 31st March, 2022 (₹ in Lakhs)	
A	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	PROFIT BEFORE TAX		46,379		68,930
	ADJUSTMENTS FOR :				
	Depreciation and Amortisation Expense	8,647		2,279	
	Net Gain on Sale of Investments	(1,293)		(818)	
	Property, Plant and Equipment - (Gain) / Loss on Sale / Discarded [net]	(48)		3	
	Unrealised Loss / (Gain) on Exchange [net]	232		(328)	
	Share based Payments to Employees	52		17	
	Provision for Doubtful Receivables and Advances	651		345	
	Net loss arising on other liabilities measured at FVTPL	5,063		-	
	Interest Income	(1,126)		(714)	
	Finance Costs	349		16	
	Liabilities no Longer Required Written Back	(15)	12,512	(72)	728
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		58,891		69,658
	ADJUSTMENTS FOR :				
	Trade Receivables, Loans and Advances and Other Assets	(18,989)		(19,942)	
	Trade Payables, Other Liabilities and Provisions	9,530	(9,459)	3,819	(16,123)
	CASH FROM OPERATIONS		49,432		53,535
	Income Tax Paid (Net)		(11,987)		(18,543)
	NET CASH FROM OPERATING ACTIVITIES		**37,445**		34,992
B	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Property, Plant and Equipment and Capitalized Software	(5,351)		(2,042)	
	Payment towards acquisition of Intangible Assets - Business and Commercial Rights* (Refer Note 36)	(25,219)		–	
	Purchase of Current Investments	(4,80,176)		(4,03,880)	
	Investment in Bank Deposits (original maturity more than 3 months)	(40,000)		(20,000)	
	Maturity of Bank Deposits (original maturity more than 3 months)	40,000		10,000	
	Sale / Redemption of Current Investments	4,52,709		4,24,561	
	Investment in Subsidiaries	(5,565)		–	
	Sale of Property, Plant and Equipment	225		40	
	Interest Received on maturity of Bank Deposits	1,178		417	
	NET CASH (USED IN) / FROM INVESTING ACTIVITIES		**(62,200)**		9,096
C	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Infusion of Share Capital, including Securities Premium	44,800		–	
	Interim Dividend on Equity Shares (Net of TDS)	(13,464)		(40,640)	
	Tax Deducted at Source on Dividend	(1,496)		(3,003)	
	Proceeds from Borrowings	26,000		–	
	Repayment of Borrowings	(26,000)		–	
	Interest Paid on Borrowings	(336)		–	
	Repayment of Lease Liability (Refer Note 25)	(467)		(328)	
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**29,037**		(43,971)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		4,283		117
	OPENING CASH AND CASH EQUIVALENTS		970		853
	CLOSING CASH AND CASH EQUIVALENTS		**5,253**		970
	CASH AND CASH EQUIVALENTS COMPRISE :				
	Cash and Cash Equivalents as above	5,253		970	
	Unrealised (Loss) Gain on Foreign Currency Cash and Cash Equivalents	(6)		6	
	Cash and Cash Equivalents (Note 7)		5,247		976

*Excludes settlement of consideration for Business and Commercial Rights through service credits of INR 164 lakhs

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 "Statement of Cash Flows".

The accompanying notes 1 to 39 are an integral part of the Financial Statements

This is the Cash Flow Statement referred to in our Report of even date.

For Deloitte Haskins & Sells LLP,
Chartered Accountants
Firm Registration Number : 117366 W/W- 100018

Girish Bagri
Partner
Membership Number : 066572

Place : Bengaluru
Date : 03 May, 2023

On behalf of the Board

S. Singh
Managing Director
Bengaluru

S. Sivakumar
Vice Chairman
Hyderabad

R. Batra
Chief Financial Officer
Bengaluru

S. Jain
Company Secretary
Bengaluru

Date : 03 May, 2023

NOTES TO THE FINANCIAL STATEMENTS

Note No.

NATURE OF OPERATIONS

ITC Infotech India Limited ("the Company") is a wholly owned subsidiary of ITC Limited ("the Holding Company") providing information technology services to enterprise clients. The Company is incorporated and domiciled in India and has its registered office at Kolkata, West Bengal, India.

1 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

b) Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair value, as explained in the accounting policies. The functional currency of the Company is the Indian rupee (₹). These financial statements are presented in ₹ (rounded off to Lakhs).

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 – Share-based Payment, leasing transactions that are within the scope of Ind AS 116 – Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key judgements applied in the preparation of the financial statements

1. **Recognition of intangible assets:** The Company has recognized intangible assets relating to Business and Commercial Rights during the year. These assets are amortized over 10 years considering the expected economic benefits arising out of the agreement with PTC Inc. The useful life of the intangible assets are reviewed periodically and the impact of changes in the estimated useful life is considered in the period in which the estimate is revised. These assets are tested for impairment when there is an indicator.
2. **Hedging:** The Company follows the principal of Hedge Accounting for managing the risk arising from cash flow variability on revenue forecast transactions. The amount accumulated in Other Comprehensive Income are recycled on recognition of the hedged item. In the event such hedge is rendered ineffective or the forecast transactions are not expected to occur, the cumulative amount accumulated in the Other Comprehensive Income is immediately recognized in Statement of Profit and Loss.

c) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of services rendered and their realisation in cash and cash equivalents.

d) Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortises the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis.

The estimated useful lives of Property, Plant and Equipment are as follows:

Leasehold Properties - Building Improvement	Shorter of lease period or estimated useful lives
Plant and Equipment	15 Years
Furniture and Fixtures	10 Years
Motor Vehicles	8 Years
Office Equipment	5 Years
Computers, Servers and Networks	3 - 6 Years
Electrical Installations and Equipment	10 Years

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate. Cost of assets not ready for use before the year-end is treated as capital work-in-progress.

e) Intangible Assets

Intangible Assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

a. for assets acquired in a business combination, at fair value on the date of acquisition.
b. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Variable consideration, if any, for the purchase of intangible assets not acquired in a business combination are initially included in the cost of intangible assets at the fair value of all variable payments. The Company recognizes a financial liability for such variable payments. Subsequent changes in fair value of such financial liability is remeasured through the Statement of Profit or loss, unless designated under hedge accounting in which case, principles of hedge accounting are followed.

Intangible assets represents purchased software and business and commercial rights having finite useful lives. Such assets are amortized over their estimated useful lives by the straight-line method unless it is practical to reliably determine the pattern of benefits arising from the asset.

The cost of acquisition of Business and Commercial Rights is amortised on the straight-line method over a period of 10 years and the cost of acquisition of software is capitalised in the year in which the software is implemented for use and is amortised on the straight-line method over a period of 3 to 5 years.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and / or impairment losses.

f) Impairment of Assets

Impairment loss, if any, is provided to the extent that the carrying amount of assets exceed their recoverable amount.

Recoverable amount is higher of an asset's fair value less costs to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

g) Foreign Currency Transactions

The presentation currency of the Company is the Indian Rupee. Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains / losses arising on settlement as also on translation of foreign currency denominated monetary items are recognised in the Statement of Profit and Loss.

h) Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains / losses are recognised in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss / inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

The Company complies with the principles of hedge accounting where derivative contracts and / or non-derivative financial assets / liabilities that are permitted under applicable accounting standards are designated as hedging instruments. At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with the risk management objectives and its strategy for undertaking hedge transaction, which can be a fair value hedge or a cash flow hedge.

(i) Fair value hedges

Changes in fair value of the designated portion of hedging instrument that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in fair value of the hedged item attributable to the hedged risk are recognised in Statement of Profit and Loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument is derecognised, expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

(ii) Cash flow hedges

The effective portion of changes in the fair value of hedging instrument that are designated and qualify as cash flow hedges is recognised in the other comprehensive income and accumulated as 'Cash Flow Hedging Reserve'. The gains / losses relating to the ineffective portion are recognised in the Statement of Profit and Loss.

Amounts previously recognised and accumulated in other comprehensive income are reclassified to profit or loss when the hedged item affects the Statement of Profit and Loss. However, when the hedged item results in the recognition of a non - financial asset, such gains / losses are transferred from equity (but not as reclassification adjustment) and included in the initial measurement cost of the non - financial asset.

Hedge accounting is discontinued when the hedging instrument is derecognised, expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains / losses recognised in other comprehensive income and accumulated in equity at that time remain in equity and is reclassified when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains / losses accumulated in equity are recognised immediately in the Statement of Profit and Loss.

i) Financial instruments, Financial assets, Financial liabilities and equity Instruments

<u>**Financial Instruments**</u>

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Group commits to purchase or sell the asset.

<u>**Financial Assets**</u>

Recognition: Financial assets include cash and cash equivalents, investments, fixed deposits, trade receivables, advances and security deposits. Such assets are initially recognised either at transaction price or at fair value, as applicable, on becoming a party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income, where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss, where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, advances, security deposits, cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of credit loss in future.

Reclassification : When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition on Financial Assets : Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss as other income only when the Company's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet. Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Investment in Subsidiaries

Investment in subsidiaries is carried at cost less impairment, if any, in the financial statements.

j) Revenue from Sale of Products and Services

The Company is engaged in providing information technology services to enterprise clients. The Company derives its revenues primarily from Information Technology (IT) services.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognised upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services ("transaction price").

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on expected cost plus margin. Revenue excludes amounts collected on behalf of third parties, such as sales tax, value added tax and goods and services tax.

Revenue is recognised from services performed on a "time and material" basis, as and when the services are performed. Revenue from Fixed price support services is recognised on a straight-line basis when services are performed through a series of repetitive acts over a specified period.

Revenue is recognised from services performed on other "time bound fixed-price engagements" based on efforts expended using the percentage of completion method of accounting, if work completed can be reasonably estimated.

The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

Revenue from sales of third-party vendor software hardware is recognised upon delivery to customer. The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Amounts received or billed in advance of services performed are presented as unearned revenue (contract liabilities). Unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms.

The incremental costs of obtaining a contract are recognized as an asset and amortized to revenues in accordance with Ind AS 115 Revenue from contracts with customers. Capitalised costs are monitored regularly for impairment. Impairment losses are recorded when present value of projected remaining operating cash flows is not sufficient to recover the carrying amount of the capitalised costs.

k) Employee Benefits

The Company makes contributions to both defined contribution schemes and defined benefit schemes such as defined benefit pension and gratuity plans which are mainly administered through duly constituted and approved Trusts.

The cost of providing benefits under the defined benefit obligation is calculated by an independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately in Other Comprehensive Income in the period in which they occur.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed under projected unit credit method. This benefit is unfunded.

l) Employee Share Based Compensation

Certain employees of the Company / the Holding Company on deputation are covered under the stock option plans / stock appreciation linked reward plan of the Holding Company. These Schemes are in the nature of equity settled / cash settled share-based compensation and are assessed, managed / administered by the Holding Company.

In case of equity settled awards, the fair value of awards at the grant date is amortised on a straight-line basis over the vesting period. In case of cash settled awards, the fair value of awards at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognised as an employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

m) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

Right–of–Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease. The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities are also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

n) Taxes on Income

Taxes on income comprises current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, is disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

o) Dividend Distribution

Dividends paid are recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

p) Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Management Committee (EMC). The Company is currently operating in a single segment i.e. Information Technology. Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements.

q) Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of cost of that asset. All other borrowing costs are charged to the Statement of Profit and Loss.

r) Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

s) Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

t) New Accounting Pronouncements

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

- Ind AS 1, 'Presentation of Financial Statements' - The amendments require companies to disclose their material accounting policies rather than their significant accounting policies.
- Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – This amendment has introduced a definition of 'accounting estimates' and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.
- Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

  The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these amendments.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Note 2 : PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS, OTHER INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS - FY 2022-23 (₹ in Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 31st March, 2022	Additions	Withdrawals / Adjustments	As at 31st March, 2023	As at 31st March, 2022	Charge for the Year	Withdrawals / Adjustments	As at 31st March, 2023	As at 31st March, 2023	As at 31st March, 2022
a) PROPERTY, PLANT AND EQUIPMENT										
Leasehold Properties - Building Improvement	804	-	560	244	804	-	560	244	0	0
Plant and Equipment	436	-	131	305	387	1	118	270	35	49
Furniture and Fixtures	945	-	397	548	853	4	361	496	52	92
Motor Vehicles	9	-	-	9	8	-	-	8	1	1
Office Equipment	855	41	284	612	740	32	263	509	103	115
Computers, Servers and Networks	7,494	1,776	692	8,578	4,306	1,744	624	5,426	3,152	3,188
Electrical Installations and Equipment	1,745	-	678	1,067	1,586	1	639	948	119	159
SUB TOTAL	**12,288**	**1,817**	**2,742**	**11,363**	**8,684**	**1,782**	**2,565**	**7,901**	**3,462**	**3,604**
b) CAPITAL-WORK-IN-PROGRESS (CWIP)										
Capital-work-in-progress (Refer Note 2A below)	87	3,630	-	3,717	-	-	-	-	3,717	87
c) OTHER INTANGIBLE ASSETS										
Capitalised Software	2,095	298	-	2,393	1,686	203	-	1,889	504	409
Business and Commercial Rights (Refer Note 36)	-	74,538	-	74,538	-	6,212	-	6,212	68,326	-
SUB TOTAL	**2,095**	**74,836**	**-**	**76,931**	**1,686**	**6,415**	**-**	**8,101**	**68,830**	**409**
GRAND TOTAL	**14,470**	**80,283**	**2,742**	**92,011**	**10,370**	**8,197**	**2,565**	**16,002**	**76,009**	**4,100**
d) Right-of-Use Assets [Refer Note 1 (m)]										
Right-of-Use Assets - Buildings	577	653	-	1,230	220	340	-	560	670	357
Right-of-Use Assets - Car	-	292	-	292	-	110	-	110	182	-
TOTAL	**577**	**945**	**-**	**1,522**	**220**	**450**	**-**	**670**	**852**	**357**

Note : The aggregate depreciation and amortisation charge for the year has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

Note 2A : Ageing of CWIP: (₹ in Lakhs)

As at 31st March, 2023	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	3,630	87	–	–	3,717

Completion schedule for Projects in Capital work-in-progress, which are overdue compared to its original plan (₹ in Lakhs)

As at 31st March, 2023	Project to be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
GC- BLR	3,717	–	–	–	3,717

Note: There are no capital work in progress projects which have exceeded the cost, based on approved plan.

Note 2 : PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS, OTHER INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS - FY 2021-22 (₹ in Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 31st March, 2021	Additions	Withdrawals / Adjustments	As at 31st March, 2022	As at 31st March, 2021	Charge for the Year	Withdrawals / Adjustments	As at 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021
(a) PROPERTY, PLANT AND EQUIPMENT										
Leasehold Properties - Building Improvement	804	-	-	804	715	89	-	804	0	89
Plant and Equipment	439	-	3	436	350	40	3	387	49	89
Furniture and Fixtures	945	1	1	945	793	61	1	853	92	152
Motor Vehicles	9	-	-	9	8	0	-	8	1	1
Office Equipment	870	2	17	855	703	51	14	740	115	167
Computers, Servers and Networks	5,923	1,939	368	7,494	3,426	1,209	329	4,306	3,188	2,497
Electrical Installations and Equipment	1,747	-	2	1,745	1,284	303	1	1,586	159	463
SUB TOTAL	**10,737**	**1,942**	**391**	**12,288**	**7,279**	**1,753**	**348**	**8,684**	**3,604**	**3,458**
(b) CAPITAL-WORK-IN-PROGRESS (CWIP)										
Capital-work-in-progress (Refer Note 2A below)	-	87	-	87	-	-	-	-	87	-
(c) OTHER INTANGIBLE ASSETS										
Capitalised Software	3,168	126	1,199	2,095	2,664	221	1,199	1,686	409	504
GRAND TOTAL	**13,905**	**2,155**	**1,590**	**14,470**	**9,943**	**1,974**	**1,547**	**10,370**	**4,100**	**3,962**
(d) Right-of-Use Assets										
Right-of-Use Assets - Buildings [Refer Note 1 (m)]	596	577	596	577	511	305	596	220	357	85
TOTAL	**596**	**577**	**596**	**577**	**511**	**305**	**596**	**220**	**357**	**85**

Note : The aggregate depreciation and amortisation charge for the year has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

Note 2A : Ageing of CWIP (₹ in Lakhs)

As at 31st March, 2022	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	87	–	–	–	87
Projects temporarily suspended	–	–	–	–	–

Note: As on the date of Balance Sheet, there are no capital work in progress projects whose completion is overdue or has exceeded the cost, based on approved plan.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
3. INVESTMENTS		
3 (a) Non-Current		
In Subsidiaries		
Investments in Equity Instruments- (At Cost) Unquoted		
ITC Infotech Limited (UK) 6,85,815 (2022 - 6,85,815) Equity Shares of GBP 1 each, fully paid	687	687
ITC Infotech (USA), Inc. 1,82,000 (2022 - 1,82,000) Ordinary Shares without par value, fully paid	8,017	8,017
ITC Infotech do Brasil LTDA 26,00,000 (2022 - Nil) Equity Shares of BRL 1 each, fully paid	422	-
ITC Infotech France SAS 30,00,000 (2022 - Nil) Equity Shares of EUR 1 each, fully paid	2,662	-
ITC Infotech Gmbh 57,00,000 (2022 - Nil) Equity Shares of EUR 1 each, partly paid up to EUR 0.5 each	2,481	-
Total	**14,269**	8,704
3 (b) Current (at fair value through profit or loss)		
Investment in Mutual Funds - Unquoted		
Axis Liquid Fund - 1,61,108 Units (2022 - 2,93,791 Units) of ₹ 1,000 Each	4,002	6,904
SBI Liquid Fund - 4,52,713 Units (2022 - Nil Units) of ₹ 1,000 Each	15,827	–
Nippon India Liquid Fund - 2,90,560 Units (2022 - Nil Units) of ₹ 1,000 Each	15,835	–
Total	35,664	6,904

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
4 LOANS		
Current		
Loans to Employees		
– Unsecured, Considered Good	–	0
– Unsecured, Considered Doubtful	1	2
	1	2
Less : Allowance for Doubtful Loans	(1)	(2)
Total	–	0
5 OTHER FINANCIAL ASSETS		
5 (a) Non-Current		
Unsecured Considered Good, Unless otherwise Stated		
Security Deposits (includes deposits for Company accommodations, offices etc.)	47	139
Total	47	139
5 (b) Current		
Unbilled Revenue - time and material basis & fixed price support contracts *	26,614	26,160
Security Deposits (includes deposits for Company accommodations, offices etc.)	233	60
Foreign Currency Forward Contracts	115	140
Interest Accrued on Deposits	401	451
Advances (includes advance to employees)	303	95
Total	**27,666**	26,906

* Right to consideration is unconditional, upon passage of time.

	As at 31st March, 2023	As at 31st March, 2022
6 TRADE RECEIVABLES		
Unsecured, Considered Good	41,643	28,205
Credit Impaired	1,070	674
	42,713	28,879
Less: Expected Credit Loss Allowance	(1,579)	(1,183)
Total	**41,134**	27,696

(₹ in Lakhs)

Trade Receivables as at 31st March, 2023	Particulars Outstanding for following periods						
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables - considered good	25,721	14,948	865	139	46	(76)	41,643
Undisputed Trade Receivables - credit impaired	-	13	434	308	289	26	1,070
Gross	**25,721**	**14,961**	**1,299**	**447**	**335**	**(50)**	**42,713**
Less : Expected Credit Loss Allowance							1,579
Net							**41,134**

(₹ in Lakhs)

Trade Receivables as at 31st March, 2022	Particulars Outstanding for following periods						
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables - considered good	15,990	12,035	319	(22)	(46)	(71)	28,205
Undisputed Trade Receivables - credit impaired	-	-	79	433	139	23	674
Gross	**15,990**	**12,035**	**398**	**411**	**93**	**(48)**	**28,879**
Less : Expected Credit Loss Allowance							1,183
Net							**27,696**

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
7 CASH AND CASH EQUIVALENTS *		
Balances with Banks :		
Current Accounts	**5,247**	976
Total	**5,247**	976

* Cash and cash equivalents include cheques, drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

	As at 31st March, 2023	As at 31st March, 2022
8 OTHER BANK BALANCES		
In Deposit Accounts*	**20,000**	20,000
Total	**20,000**	20,000

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Balance Sheet date.

	As at 31st March, 2023	As at 31st March, 2022
9 DEFERRED TAX ASSETS (NET)		
Deferred Tax Assets	**3,889**	3,471
Less: Deferred Tax Liabilities	**2,336**	1
Deferred Tax Assets (Net)	**1,553**	3,470

Movement in Deferred Tax

	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
FY 2022-23				
Deferred Tax Assets :				
On provision for employees' separation and retirement etc.	1,673	25	(12)	1,686
On provision for doubtful receivables and advances	312	93	-	405
On fiscal allowances on property, plant and equipment	739	(93)	-	646
Other timing differences (includes provision for expenses)	747	406	-	1,153
Total Deferred Tax Assets	**3,471**	**431**	**(12)**	**3,889**
Deferred Tax Liabilities :				
On Business and Commercial Rights	-	2,444	(125)	2,319
Other timing differences	1	16	-	17
Total Deferred Tax Liabilities	**1**	**2,460**	**(125)**	**2,336**
Deferred Tax Assets (Net)	**3,470**	**(2,029)**	**113**	**1,553**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
FY 2021-22				
Deferred Tax Assets :				
On provision for employees' separation and retirement etc.	999	662	12	1,673
On provision for doubtful receivables and advances	313	(1)	-	312
On fiscal allowances on property, plant and equipment	742	(3)	-	739
Other timing differences (includes provision for expenses)	635	112	-	747
Total Deferred Tax Assets	**2,689**	**770**	**12**	**3,471**
Deferred Tax Liabilities :				
Other timing differences	5	(4)	-	1
Total Deferred Tax Liabilities	**5**	**(4)**	**-**	**1**
Deferred Tax Assets (Net)	**2,684**	**774**	**12**	**3,470**

(₹ in Lakhs)

		As at 31st March, 2023	As at 31st March, 2022
10	**INCOME TAX ASSETS (NET)**		
	Advance Tax (Net of Provision for Income Tax)	5,529	2,436
	Total	**5,529**	**2,436**
11	**OTHER ASSETS**		
11(a)	**Non-Current**		
	Advances other than Capital Advances		
	From Statutory Authorities	50	58
	Other Advances (Unexpired Expenses)	123	183
	Total	**173**	**241**
11(b)	**Current**		
	Unbilled Revenue - percentage of completion *	2,242	1,773
	Advances other than Capital Advances		
	From Statutory Authorities	3,452	-
	Other Advances (includes Unexpired Expenses)	2,059	1,769
	Advance to related parties (Refer Note 34)	576	450
	Total	**8,329**	**3,992**

*Contractual right to consideration is dependent on completion of contractual milestones. During the year ended 31st March, 2023 and 31st March, 2022, INR 1,624 lakhs and INR 2,154 lakhs, respectively, of Unbilled Revenue - percentage of completion pertaining to fixed price development contracts have been reclassified to Trade Receivables on completion of milestones.

(₹ in Lakhs)

		As at 31st March, 2023	As at 31st March, 2022
12	**EQUITY SHARE CAPITAL**		
	Authorised:		
	10,00,00,000 (2022 - 8,60,00,000) Equity Shares of ₹ 10 each, fully paid	10,000	8,600
	Issued and subscribed :		
	8,80,00,000 (2022 - 8,52,00,000) Equity Shares of ₹10 each, fully paid	8,800	8,520
	[All equity shares are held by ITC Limited, the Holding Company. The Equity Shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including entitlement to dividend. 28,00,000 shares of the face value of ₹10 have been issued during the year (2022 : Nil)]		
	Total	**8,800**	8,520

12.(a) Shared held by Promoters

Particulars		As at 31 March 2023			As at 31 March 2022		
	Promoter Name	No. of shares as at end of the year	% of Total Shares	% change during the year	No. of shares as at end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 10 each, fully paid	ITC Limited	8,80,00,000	100%	–	8,52,00,000	100%	–

13 FINANCIAL LIABILITIES (Refer to Note 25 for Lease Liabilities)

13 (a) Trade Payables

Ageing schedule

(₹ in Lakhs)

Trade Payable as at 31st March, 2023	Particulars Outstanding for following periods							
	Not Due	Unbilled (Accrued)	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	14	-	-	-	-	-	-	14
Others	380	11,953	1,356	-	1	-	-	13,690
Total	**394**	**11,953**	**1,356**	**-**	**1**	**-**	**-**	**13,704**

Trade Payable as at 31st March, 2022	Particulars Outstanding for following periods							
	Not Due	Unbilled (Accrued)	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	37	-	-	-	-	-	-	37
Others	886	4,440	1,270	-	-	-	-	6,596
Total	**923**	**4,440**	**1,270**	**-**	**-**	**-**	**-**	**6,633**

Relationship with struck off Companies

(₹ in Lakhs)

Name of the struck off company	Nature of transactions with struck off company	Balance outstanding as at 31st March 2023	Relationship with the struck off company, if any, to be disclosed
Thought Works Consulting Private Limited	Payables	1	Vendor

Name of the struck off company	Nature of transactions with struck off company	Balance outstanding as at 31st March 2022	Relationship with the struck off company, if any, to be disclosed
Thought Works Consulting Private Limited	Payables	1	Vendor

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

		As at 31st March, 2023	As at 31st March, 2022
13 (b)	**Non- Current**		
	Employee Payable	1,651	1,075
	ESAR Liability (Refer to Note 34)	80	59
	Total	**1,731**	1,134
13 (c)	**Current**		
	Employee Payable	14,857	12,621
	Foreign Currency Forward Contracts	44	53
	ESAR Liability (Refer to Note 34)	137	22
	Other Liabilities [includes payables for property, plant and equipment ₹ 708 Lakh (2022 - ₹ 314 Lakh)]	713	321
	Total	**15,751**	13,017
14	**PROVISIONS**		
14 (a)	**Non- Current**		
	Provision for Employee Benefits*		
	Retirement Benefits	2,004	544
	Compensated Absences	2,100	1,347
	Total	**4,104**	1,891
14 (b)	**Current**		
	Provision for Employee Benefits*		
	Retirement Benefits	1,004	292
	Compensated Absences	964	688
	Total	**1,968**	**980**

**Includes provision for pension, gratuity and compensated absences. For details refer to note 26.*

15	**OTHER CURRENT LIABILITIES**		
	Statutory Dues	2,865	4,094
	Inter-company payable (Refer to Note 34)	422	13
	Unearned Revenue	203	96
	[Out of last year's amount of ₹ 96 Lakhs (174 Lakhs in FY 2021), revenue recognised in current year is ₹ 12 Lakhs (172 Lakhs in FY 2022)]		
	Total	**3,490**	4,203

		For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
16	**REVENUE FROM OPERATIONS**		
	Sale of Services*		
	Exports	1,97,157	1,68,189
	Domestic	65,557	59,908
	Resale of Software and Hardware (including Support Charges)*		
	Exports	93	104
	Domestic	410	584
	Total Sales#	**2,63,217**	2,28,785
	OTHER OPERATING REVENUES	13	72
	Total	**2,63,230**	2,28,857

* For disaggregated revenues from contracts with customers by geography, please refer Note 33 on Segment Reporting

The percentage of revenue from fixed-price contracts for the years ended 31st March, 2023 and 31st March, 2022 is approximately 57% and 63%, respectively.

17	**OTHER INCOME**		
	Interest Income	1,126	1,069
	Other Gains	2,660	1,598
	Miscellaneous Income	314	112
	Total	**4,100**	2,779
	Interest income comprises Interest from:		
	Deposits	1,126	714
	Others (from statutory authorities)	–	355
		1,126	1,069
	Other Gains		
	Net Foreign Exchange Gains	1,367	780
	Net Gain on Investments [includes unrealised gain: ₹ 65 Lakhs (FY 22: ₹ 3 Lakhs)]	1,293	818
		2,660	1,598
18	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries and Bonus	1,46,034	1,20,535
	Contribution to Provident and Other Funds (Refer Note 26)	7,918	4,366
	Share based Payments to Employees (Refer Note 29)	289	55
	Staff Welfare Expenses	1,393	1,348
	Reimbursement of Contractual Remuneration, net	1,066	917
	Total	**1,56,700**	1,27,221

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
19	**FINANCE COSTS**		
	Interest Expense		
	On Borrowings, Lease Liabilities, Statutory Dues etc.	349	142
	Total	**349**	142
20	**OTHER EXPENSES**		
	Rent (Refer Note 25)	2,597	1,941
	Rates and Taxes	120	421
	Insurance	1,089	1,043
	Travelling and Conveyance	8,026	3,708
	Recruitment Expenses	1,568	1,253
	Communication	961	708
	Power and Fuel	490	355
	Outsourcing Charges	20,268	11,572
	Software and Related Expenses	5,078	3,559
	Purchase of Hardware and Software for Resale (including Support Charges)	314	489
	Business Development Expenses	1,365	1,242
	Repairs and Maintenance		
	- Buildings	68	75
	- Machinery	124	117
	- Others	58	48
	Legal, Professional and Consultancy Expenses	4,969	4,309
	Doubtful and Bad Receivables	651	343
	Doubtful and Bad Loans and Advances	(0)	2
	Property, Plant and Equipment Discarded, net	(48)	3
	Auditor's Remuneration and Expenses (Refer Note 28)	54	41
	Expenditure on Corporate Social Responsibility (Refer Note 22)	1,014	636
	Training and Development	844	443
	Bank Charges	106	86
	Printing and Stationery	15	16
	Fair value loss arising on payable for Business and Commercial Rights	5,063	-
	Miscellaneous Expenses	461	654
	Total	**55,255**	33,064
21	**TAX EXPENSES**		
21(a)	**Tax Expense Recognised in Statement of Profit and Loss**		
	Current Tax [including tax on foreign branches ₹ 608 Lakhs (2022 - ₹ 105 Lakhs)]*	9,377	18,085
	Credits related to previous years	(365)	(162)
		9,012	17,923
	Deferred Tax Charge / (Credit)*	2,632	(554)
	Credits related to previous years	(603)	(220)
		2,029	(774)
	Total	**11,041**	17,149
	* INR 603 lakhs represents changes on account of filing of tax returns.		
21(b)	**Tax Expense Recognised in Other Comprehensive Income**		
	Deferred Tax Credit / (Charge)		
	Arising on Remeasurement of Net Defined Benefit Liability	(12)	12
	Arising on Effective portion of losses on designated portion of hedging instruments in a cash flow hedge	125	-
	Total	**113**	12
21(c)	**The reconciliation between the income tax expenses and amounts computed by applying the standard rate of income tax to profit before taxes is as follows:**		
	Profit before tax	46,379	68,930
	Income tax expense calculated at 25.168% (2022- 25.168%)	11,673	17,348
	Effects of:		
	- Other differences	336	183
	- Adjustments recognised in the current year in relation to the current tax of prior years	(968)	(382)
	Income Tax expenses recognised in Statement of Profit and Loss	**11,041**	17,149

22 Expenditure on Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act.

a) Gross amount required to be spent by the Company during the year ₹ 1,013 Lakhs (2022 - ₹ 636 Lakhs).

b) Amount spent during the year in cash for purpose other than construction / acquisition of an asset ₹ 1,014 Lakhs (2022 - ₹ 636 Lakhs).

c) Nature of CSR activities in the year are as follows:

  i. Soil & moisture conservation and water resources development, through ITC Rural Development Trust, Kolkata

  ii. Educational interventions:

   - Primary education through ITC Bhadrachalam Education Trust, Secunderabad
   - School Infrastructure Development through Tribeni Tissues Educational Society, Chandrahati
   - Science, Technology, Engineering and Mathematics (STEM) education through ICT Academy of Tamil Nadu and other NGOs

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

23 Commitments and Contingencies

a) There are contracts remaining to be executed on capital account and not provided ₹ 1,596 Lakhs (2022 - ₹ 4,900 Lakhs).

b) Claims against the Company not acknowledged as debts ₹ 3,724 Lakhs (2022 - ₹ 3,865 Lakhs). These comprise:

i) Income tax claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 3,444 Lakhs (2022 - ₹ 3,155 Lakhs)

ii) Service tax claims disputed by the Company relating to issues of applicability aggregating ₹ 266 Lakhs (2022 - ₹ 696 Lakhs)

iii) Other matters aggregating ₹ 14 Lakhs (2022- ₹ 14 Lakhs)

It is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flow, if any, in respect of the above. An amount of ₹ 32 Lakhs (2022 - ₹ 32 Lakhs) has been deposited under protest and is included under Other Non-Current Assets. (Refer Note 11(a))

24 Micro and Small Enterprises

The following details relating to Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.		
Principal amount due	14	37
Interest amount due thereon	–	–
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	–	–
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	–	–
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	–	–
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	–	–

25 Leases

The amount of ROU Asset and Lease Liabilities recognised in the Balance Sheet are disclosed in Note 2 and on the face of the Balance Sheet respectively. The total cash outflow for leases for the year is ₹ 2,956 Lakhs (2022 - ₹ 2,269 Lakhs) [including payments in respect of short-term leases aggregating ₹ 2,597 Lakhs (2022 - ₹ 1,941 Lakhs)]. All leases entered into by the company have a lease term of less than three years. [Also Refer to Note 32 (b) for Contractual maturities of lease liabilities].

Movement of Lease Liabilities during the year

(₹ in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Opening Lease Liabilities	363	98
New Lease recognised	946	577
Interest expense on Lease Liability	13	16
Payments of Lease Liability made	(467)	(328)
Closing balance of Lease Liability	**855**	363

26 Employee Benefits

Description of Plans

(a) Defined Contribution Plan

Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds in Note 18: ₹ 7,078 Lakhs (2022 - ₹ 3,807 Lakhs).

(b) Defined Benefit Plan

The Company also makes contribution to defined benefit pension and gratuity plans. The cost of providing benefits under the defined benefit obligation is calculated by an independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through Other Comprehensive Income in the period in which they occur. Gratuity and Pension Benefits are both funded as well as unfunded; and Leave Encashment Benefits are unfunded in nature.

Risk Management

The defined benefit plans expose the Company to actuarial deficit arising out of investment risk, interest rate risk, salary cost inflation risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. Investment risks may arise from volatility in asset values and losses arising due to impairment of assets. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. However, this may be partially offset by an increase in capital value of the scheme assets that have similar characteristics. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

The Trustees monitor funding and investments positions and have mandated a diversified investment strategy in line with the statutory requirements. The investment strategy with respect to asset mix ensures that investment volatility risk is appropriately managed. Robust risk mitigation systems ensure that investments do not pose significant risk of impairment.

The following table sets out the Defined Benefit Plans / Long-Term Compensated Absences as per Actuarial Valuation as on 31st March, 2023 and recognised in the financial statements in respect of Employee Benefit Schemes :

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

			For the year ended 31st March, 2023			For the year ended 31st March, 2022		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Partly Funded	Unfunded	Partly Funded	Partly Funded	Unfunded
I	**Components of Employer Expense**							
	–	**Recognised in Profit or Loss**						
	1	Current Service Cost	180	617	560	83	473	426
	2	Net Interest Cost	27	16	102	(2)	5	89
	3	**Total expense recognised in the Statement of Profit and Loss**	**207**	**633**	**662**	**81**	**478**	**515**
	-	**Re-measurements recognised in Other Comprehensive Income**						
	4	(Return) on plan assets (excluding amounts included in Net interest cost)	79	43	-	(8)	(46)	-
	5	Effect of changes in demographic assumptions	-	1	-	2	27	(3)
	6	Effect of changes in financial assumptions	(382)	(232)	(45)	(82)	(2)	(27)
	7	Effect of experience adjustments	7	366	115	(215)	78	324
	8	**Total re-measurements included in OCI**	**(296)**	**178**	**70**	**(303)**	**57**	**294**
	9	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (3+8)**	**(89)**	**811**	**732**	(222)	535	809

The current service cost and net interest expense for the year pertaining to Pension and Gratuity expenses have been recognised in "Contribution to Provident and other funds" and Compensated absences in "Salaries and Bonus". The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.

			Pension 2023	Gratuity 2023	Compensated absences 2023	Pension 2022	Gratuity 2022	Compensated absences 2022
II	**Actual Returns**		147	191	-	230	283	-
III	**Net (Asset)/Liability recognised in Balance Sheet**							
	1	Present Value of Defined Benefit Obligation	4,638	4,625	1,981	3,188	4,322	1,796
	2	Obligation w.r.t Overseas branches	-	-	1,083	-	-	239
	3	Fair Value of Plan Assets	3,404	3,427	-	3,425	3,700	-
	4	Status [(Surplus)/Deficit]	1,234	1,198	3,064	(237)	622	2,035

			As at 31st March, 2023		As at 31st March, 2022	
	5	**Net (Asset)/Liability recognised in Balance Sheet**	Current	Non-Current	Current	Non-Current
		- Pension*	(457)	1,691	(448)	211
		- Gratuity	885	313	289	333
		- Compensated absences	964	2,100	688	1,347

* This includes ₹ 576 Lakhs (FY 22: ₹ 450 lakhs) of India Pension which is represented under note no 11(b) as Advances to related parties and ₹ 119 Lakhs (FY 22: ₹ 2 lakhs) of Others which is represented under note no 14(b) as Retirement Benefits.

			For the year ended 31st March, 2023			For the year ended 31st March, 2022		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Partly Funded	Unfunded	Partly Funded	Partly Funded	Unfunded
IV	**Change in Defined Benefit Obligation (DBO)**							
	1	Present Value of DBO at the beginning of the year	3,188	4,322	1,796	3,914	4,246	1,755
	2	Current Service Cost	180	617	566	83	473	312
	3	Interest Cost	253	250	102	221	242	89
	4	Remeasurement gains / (losses):						
		Effect of changes in demographic assumptions	-	1	-	2	27	(3)
		Effect of changes in financial assumptions	(382)	(232)	(45)	(82)	(2)	(27)
		Changes in asset ceiling (excluding interest income)	-	-	-	-	-	-
		Effect of experience adjustments	7	366	115	(215)	78	324
	5	Transfer of Obligation	1,560	20	5	-	-	-
	6	Exchange difference on foreign plans	-	31	-	-	-	-
	7	Benefits Paid	(168)	(750)	(558)	(735)	(742)	(654)
	8	**Present Value of DBO at the end of the year**	**4,638**	**4,625**	**1,981**	3,188	4,322	1,796

			As at 31st March, 2023	As at 31st March, 2022
		Best Estimate of Employers' Expected Contribution for the next year		
		- Pension	89	107
		- Gratuity	679	634

			Pension 2023	Gratuity 2023	Compensated absences 2023	Pension 2022	Gratuity 2022	Compensated absences 2022
V	**Change in Fair Value of Assets (for funded obligations)**							
	1	Plan Assets at the beginning of the year	3,425	3,700	-	3,925	4,167	-
	2	Expected Return on Plan Assets	226	234	-	222	237	-
	3	Remeasurement Gains on plan assets	(79)	(43)	-	8	46	-
	4	Actual Company Contributions	-	286	-	5	(8)	-
	5	Benefits Paid	(168)	(750)	-	(735)	(742)	-
	6	**Plan Assets at the end of the year**	**3,404**	**3,427**	-	3,425	3,700	-

			As at 31st March, 2023	As at 31st March, 2022
VI	**Actuarial Assumptions**			
	1	Discount Rate (%)	7.50%	6.75%
	2	Expected Return on Plan Assets (%)	7.50%	6.75%
	3	Long term rate of compensation increase	7.50%	7.50%
VII	**Major Category of Plan Assets as a % of the Total Plan Assets**			
	1	Government Securities/Special Deposit with RBI	15%	17%
	2	High Quality Corporate Bonds	10%	10%
	3	Insurer Managed Funds*	65%	63%
	4	Mutual Funds	6%	5%
	5	Cash and Cash Equivalents	4%	5%

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets within the insurer managed funds has not been disclosed.

The fair value of Government Securities, Corporate Bonds, Mutual Funds are determined based on quoted market prices in active markets. The employee benefit plans do not hold any securities issued by the Company.

VIII Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

(₹ in Lakhs)

			For the year ended 31st March, 2023			For the year ended 31st March, 2022		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Partly Funded	Unfunded	Partly Funded	Partly Funded	Unfunded
IX	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)							
	1	Present Value of Defined Benefit Obligation	4,638	4,625	1,981	3,188	4,322	1,796
	2	Fair Value of Plan Assets	3,404	3,427	-	3,425	3,700	-
	3	Status [Deficit / (Surplus)]	1,234	1,198	1,981	(237)	622	1,796
	4	Experience Adjustment of Plan Assets [Loss / (Gain)]	79	43	-	(8)	(46)	-
	5	Experience Adjustment of obligation [Loss / (Gain)]	7	366	115	(215)	78	324

X Sensitivity Analysis

The sensitivity analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of sensitivity analysis from previous year.

XI	Sl. No.	Particulars	DBO as at 31st March, 2023	DBO as at 31st March, 2022
	1	Discount Rate + 100 basis points	10,686	8,944
	2	Discount Rate - 100 basis points	11,834	9,701
	3	Long term Compensation Increase Rate + 1%	11,720	9,693
	4	Long term Compensation Increase Rate – 1%	10,800	8,944

XII	Sl. No.	Maturity Analysis of the Benefit Payments	31st March, 2023	31st March, 2022
	1	Year 1	2,461	1,925
	2	Year 2	1,729	2,086
	3	Year 3	1,727	1,528
	4	Year 4	2,388	1,539
	5	Year 5	2,642	2,193
	6	Next 5 Years	8,162	7,845

			For the year ended 31st March, 2023	For the year ended 31st March, 2022
27	**Earnings per share**			
(a)	Profit after Tax	₹ in Lakhs	35,338	51,781
(b)	Weighted average number of Equity Shares	No.	8,68,49,315	8,52,00,000
(c)	Earnings Per Share (Face value of ₹ 10 per share) (Basic and Diluted)	₹	40.69	60.78

		For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
28	**Auditor's Remuneration and Expenses** (Net of input tax credit)		
	Audit Fees	33	23
	Tax Audit Fees	2	2
	Fees for Auditor's Certifications and Reports	16	15
	Reimbursement of Expenses	3	1
	Total	**54**	41

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

29 **(i)** The eligible employees of the Group, including employees deputed from ITC Limited (ITC), have been granted by ITC:

(a) stock options under the ITC Employee Stock Option Schemes (ITC ESOS) and

(b) employee cash settled stock appreciation linked reward units (ESAR units) under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

Each option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of ITC of ₹ 1.00 each upon payment of exercise price. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. These options have been granted at 'market price' within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

ITC ESAR:

Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of the said Plan. The ESAR units vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

(ii) The cost of stock options granted under ITC ESOS / ESAR units granted under ITC ESAR Plan have been recognised as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of the aforesaid arrangement, the Company accounts for the cost of the fair value of options / ESAR units granted to the eligible employees on receipt of advice / on - charge by ITC respectively as employee benefits expense. The fair value of the options / ESAR units granted is determined, using the Black Scholes Option Pricing model, by ITC for all the Optionees covered under ITC ESOS / ITC ESAR Plan as a whole. The cost of ITC ESOS is considered as capital contribution by ITC Limited, net of reimbursements, if any. The liability recognised for payments towards ITC ESAR Plan is presented under other financial liability.

(iii) The summary of movement of such options granted by ITC and status of the outstanding options is as under:

Particulars	As at 31st March, 2023 No. of Options	As at 31st March, 2022 No. of Options
Outstanding at the beginning of the year	9,16,022	12,71,342
Add: Granted during the year	10,250	8,950
Less: Lapsed during the year	(46,338)	(3,61,043)
Add / (Less): Movement of employees to whom options are granted	(27,914)	38,168
Less: Exercised during the year	(4,49,954)	(41,395)
Outstanding at the end of the year	4,02,066	9,16,022
Options exercisable at the end of the year	3,84,251	9,04,062

Note: The weighted average exercise price of the options granted to all Optionees under the ITC ESOS is computed by ITC as a whole.

(iv) In accordance with Ind AS 102, the Company has recognised an amount of ₹ 52 Lakhs (2022: ₹ 17 Lakhs) towards ITC ESOS and ₹ 237 Lakhs [2022: ₹ 38 Lakhs] towards ITC ESAR Plan (Refer Note 18). Such charge has been recognised as employee benefits expense.

Out of the above, ₹ 185 Lakhs (2022: ₹ 41 Lakhs) is attributable to key management personnel [Mr. R. Batra: ₹ 181 Lakhs (2022: ₹ 37 Lakhs), Mr. Sharad Jain: ₹ 4 Lakhs (2022: Not Applicable) and Mr. S.V. Shah: ₹ Nil (2022: ₹ 4 Lakhs)].

30 **Capital Management**

The Company's financial strategy aims to foster its strategic priorities and provide adequate capital to its businesses to grow and invest for generating sustained stakeholder value. The Company funds its operations mainly through internal accruals. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth of its businesses as a going concern.

The capital structure of the Company comprises only of equity as detailed in the Statement of Changes in Equity. The Company does not have any long-term debt obligation.

The Company is not exposed to any externally imposed capital requirements.

31 **Categories of Financial Instruments** (₹ in Lakhs)

	As at 31st March, 2023		As at 31st March, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Measured at amortised cost				
Cash and Cash Equivalents	5,247	5,247	976	976
Other Bank Balances	20,000	20,000	20,000	20,000
Trade Receivables	41,134	41,134	27,696	27,696
Loans	–	–	0	0
Other Financial Assets	27,598	27,588	26,905	26,905
	93,979	**93,969**	75,577	75,577
Mandatorily measured at fair value through profit and loss (FVTPL)				
Investments in Mutual Funds	35,664	35,664	6,904	6,904
Foreign Currency Forward Contracts	115	115	140	140
	35,779	**35,779**	7,044	7,044
Total	**1,29,758**	**1,29,748**	82,621	82,621
Financial Liabilities				
Measured at amortised cost				
Trade Payables	13,704	13,704	6,633	6,633
Lease Liability	855	855	363	363
Other Financial Liabilities	17,438	17,240	14,098	13,897
	31,997	**31,799**	21,094	20,893
Measured at fair value through profit and loss (FVTPL)				
Foreign Currency Forward Contracts	44	44	53	53
Consideration Payable towards acquisition of Business and Commercial Rights	52,274	52,274	–	–
	52,318	**52,318**	53	53
Total	**84,315**	**84,117**	21,147	20,946

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

32 Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company continues to focus on a system-based approach to business risk management. The Company's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the business. Backed by strong internal control systems, the current Risk Management Framework rests on policies and procedures issued by appropriate authorities; process of regular reviews / audits to set appropriate risk limits and controls; monitoring of such risks and compliance confirmation for the same.

a) **Market Risk**

The Company's various business operations expose it to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such market risk may arise out of volatility in currency rates, interest rates and prices. The Company has in place appropriate risk management policies to limit the impact of these risks on its financial performance.

The Company ensures optimisation of cash through fund planning, robust cash management practices and manages interest rate risk and foreign exchange risk.

i) **Foreign Currency Risk**

The Company undertakes transactions denominated in foreign currency which results in exchange rate fluctuations. Such exchange rate risk primarily arises from transactions made in foreign exchange and translation risks arising from recognised assets and liabilities, including net investments in foreign operations which are not in the Company's functional currency (₹). A significant portion of these transactions are in US Dollar (USD), Pound Sterling (GBP) and EURO.

The carrying amounts of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

(₹ in Lakhs)

As at 31st March, 2023	USD	GBP	EURO	Others	Total
Financial Assets	21,646	4,782	18,932	6,641	52,001
Financial Liabilities	809	1	834	300	1,944

As at 31st March, 2022	USD	GBP	EURO	Others	Total
Financial Assets	29,329	6,199	9,380	2,177	47,085
Financial Liabilities	993	30	419	1,015	2,457

The Company uses Forward Exchange Contracts to hedge its exposures in foreign currency related to underlying transactions and firm commitments. Notional value of Forward exchange Contracts outstanding as at year end which are not designated under hedge accounting are as below:

(in Lakhs)

Currency	Cross Currency	31st March, 2023		31st March, 2022	
		Buy	Sell	Buy	Sell
GBP	USD	-	10	-	44
EUR	USD	29	-	-	44
USD	INR	124	216	-	334
SEK	USD	41	-	-	-
PLN	USD	10	-	-	-
ZAR	USD	-	112	-	35

Hedges of Foreign Currency Risk and Derivative Financial Instruments

The Company follows established risk management policies, including the use of derivatives to hedge against the volatility associated with the aforesaid exchange rate risk. The Company uses forward exchange contracts to hedge its transactional currency exposures in foreign currency related to underlying transactions and firm commitments and measures them at fair value. The counter party in these derivative instruments are generally highly rated counter parties such as banks and the Company considers the risk of non-performance by such counterparty as not material. The Company has not designated Forward Exchange Contracts under Hedge Accounting. These derivative instruments are carried at fair value with changes being recognised in the Statement of Profit and Loss. Although such derivative instruments are not designated in a hedge relationship, they act as an economic hedge and will offset the gain / loss in the underlying transactions when they occur.

The Company has designated the foreign exchange risk component of the payable towards acquisition of Business and Commercial Rights as a hedge of the highly probable forecast US$ denominated revenues. The above will result in matching of foreign exchange gain / loss arising from changes in spot rates of the highly probable forecast revenues with the loss/gain arising from translation of non – derivative financial liabilities carried in the Balance Sheet (Details of such hedge instrument are provided in Note 36). The foreign exchange risk component designated under hedge accounting are evaluated basis the currency, amount and timing of such highly probable forecast transactions that are matched to the hedging instrument. Changes in the fair value of the effective portion of such cash flow hedges are recognised as cash flow hedging reserve in Other Comprehensive Income. Whilst ineffectiveness in the hedge relationship may arise due to changes in timing of the forecast US$ denominated revenues, the probability of such hedges becoming ineffective is very low and such ineffective portion, if any, is immediately recognised in the Statement of Profit and Loss.

The movement in the cash flow hedging reserve in respect of designated cash flow hedges is summarised below: (₹ in Lakhs)

Particulars	2023	2022
At the beginning of the year	-	-
Add: Gain / Loss recognised in OCI on fair value change of effective portion of hedge instrument	565	-
Less: Amounts transferred to the Statement of Profit and Loss on occurrence of forecast hedge transactions during the year	(69)	-
(Less)/Add: Deferred tax	(125)	-
At the end of the year	371	-

Once the hedged transaction materialises, the amount accumulated in the cash flow hedging reserve will be reclassified to profit or loss in the anticipated timeframes given below:

Outstanding balance in cash Flow Hedge Reserve to be subsequently recycled from OCI	As at 31st March, 2023	As at 31st March, 2022
Within One Year	148	-
Between One and Three Years	152	-
More than Three Years	71	-

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Foreign Currency Sensitivity

The sensitivity analysis arises on account of outstanding foreign currency denominated assets and liabilities, including derivative contracts. The Company considers a sensitivity of 1% (2022 - 1%) in applicable foreign currency rates, holding all other variables constant. In the event the exchange rate fluctuates by +1%, the profit before tax for the year ended 31st March, 2023 and pre-tax total equity as at 31st March, 2023 will be higher by ₹ 501 Lakhs (2022 - ₹ 446 Lakhs). If the change in rates decline by a similar percentage, there will be opposite impact of similar amount on profit before tax and pre-tax total equity.

ii) **Interest Rate Risk**

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments in fixed deposits are held with highly rated banks and have a short tenure and are not subject to interest rate volatility. As majority of the other financial assets and liabilities of the Company are non-interest bearing, the Company's net exposure to interest risk is negligible.

iii) **Price Risk**

The Company invests its surplus funds primarily for short tenor in debt mutual funds. Aggregate value of investments in debt mutual funds, which are measured at fair value through profit or loss, as at 31st March, 2023 is ₹ 35,664 Lakhs (2022 - ₹ 6,904 Lakhs). Accordingly, these do not pose any significant price risk.

b) **Liquidity Risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company's investment decisions relating to deployment of surplus liquidity are guided by the tenets of safety, liquidity and return. The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. Considering the dynamic nature of the underlying businesses, the Company also maintains adequate committed credit lines.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date :

(₹ in Lakhs)

	Carrying value	Less than 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year up to 3 years	Beyond 3 years	Total
As at 31st March, 2023 Contractual Cash flows*							
Trade Payables	13,704	13,704	-	-	-	-	13,704
Lease Liability	855	141	112	209	412	-	874
Other Financial Liabilities	17,482	788	14,826	137	1,731	-	17,482
Payable towards acquisition of Business and Commercial Rights	52,274	12,771	2,419	5,812	22,150	14,203	57,355
Total	**84,315**	**27,404**	**17,357**	**6,158**	**24,293**	**14,203**	**89,415**
As at 31st March, 2022 Contractual Cash flows*							
	Carrying value	Less than 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year up to 3 years	Beyond 3 years	Total
Trade Payables	6,633	6,633	-	-	-	-	6,633
Lease Liability	363	86	86	171	29	-	372
Other Financial Liabilities	14,151	2,026	10,969	22	1,130	4	14,151
Total	21,147	8,745	11,055	193	1,159	4	21,156

** The table has been drawn up based on the earliest date on which the Company would be required to pay.*

c) **Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. Apart from its operating activities, wherein the Company deals with a large number of customers, the Company is also exposed to credit risk from its investing activities.

Financial instruments that are subject to concentration of credit risk principally consist of trade receivables.

Credit is extended to Customers after evaluating them against key parameters such as financial position, credit ratings, market intelligence, past experience etc., as may be appropriate. Trade receivables are monitored regularly. Concentration of credit risk, with respect to trade receivables, is limited, due to the Company's customer base being large and internationally dispersed. Some of the Company's key Customers have been transacting for many years and the incidence of bad debts is negligible. The Company recognises provision for expected credit loss on an individual customer basis, based on internal reviews, which are conducted regularly and considers all aspects with respect to debts.

The movement of the expected credit loss provision made by the Company with respect to trade receivables are as under:

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Opening Balance	1,183	1,244
Effects of foreign exchange fluctuation	28	(56)
Add: Expected credit loss provisions made during the year	657	391
Less: Utilisation for Impairment / De-recognition	(289)	(396)
Closing Balance	**1,579**	1,183

For age wise break-up of receivables, refer to note 6.

Investment in debt mutual funds are made only with approved mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house. There are limits for any exposure to financial institutions. Deployment in fixed deposits are with highly rated banks and are held at amortised cost. Thus, counter party risk attached to such assets is considered to be insignificant.

The carrying amount of financial assets, net of loss allowance recognised in accordance with Ind AS 109 and any amounts offset in accordance with Ind AS 32, that represents the Company's maximum exposure to credit risk as at 31st March, 2023 is ₹ 1,26,753 Lakhs (2022 -₹ 83,418 Lakhs) represented by carrying amounts of Investments (except investments in subsidiaries), Trade Receivables, Unbilled Revenue, Loans, Other financial assets measured at amortised cost and Other financial assets measured at Fair Value.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

d) **Fair Value Measurement**

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

The fair value of trade receivables, loans, other financial assets, other financial liabilities and payables is considered to be equal to the carrying amounts of these items due to their short – term nature. There has been no change in the valuation methodology for Level 3 inputs during the year. There were no transfers between Level 1 and Level 2 during the year.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis: (₹ in Lakhs)

	Fair Value Hierarchy	Fair Value as at	
		31st March 2023	31st March 2022
Financial Assets			
Mandatorily Measured at Fair Value Through Profit and Loss (FVTPL)			
Investments in Mutual Funds	1	35,664	6,904
		35,664	6,904
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	115	140
		115	140
Total		**35,779**	7,044
Financial Liabilities			
Measured at amortized cost			
Other Financial Liabilities*	3	1,533	934
		1,533	934
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	44	53
Measurement at fair value through profit and loss (FVTPL)			
Payable towards acquisition of Business and Commercial Rights (Refer Note 36)	3	52,274	-
		52,318	53
Total		**53,851**	987

** Represents Fair value of Non-current Financial Instruments*

33 Segment Reporting

The Company operates in a single business segment - information technology, basis which the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources. Geographical Information is given below:

(₹ in Lakhs)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Segment Revenue		
India	65,557	60,492
North America	69,260	61,585
Europe	89,348	72,021
Middle East and Africa	32,228	27,798
Rest of the World	6,824	6,889
Total	**2,63,217**	2,28,785

No single external customer / group individually accounted for more than 10% of the revenues in the year ended 31st March, 2023.

Revenues of INR 23,442 Lakhs from a single external customer / group that accounted for more than 10% of the revenues in the year ended 31st March, 2022.

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Non-Current Assets*		
India	82,116	7,237
Europe	480	4
Middle East and Africa	13	31
Total	**82,609**	7,272

** Non- Current Assets have been considered on the basis of physical location.*

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

34 RELATED PARTY DISCLOSURES

(i) HOLDING COMPANY:

ITC Limited

(ii) ENTERPRISES WHERE CONTROL EXISTS:

Wholly Owned Subsidiaries:

ITC Infotech Limited (UK)
ITC Infotech (USA), Inc. and its wholly owned subsidiary Indivate Inc.
ITC Infotech Do Brasil LTDA (w.e.f. 10th October, 2022)
ITC Infotech Malaysia SDN. BHD (w.e.f. 3rd February, 2023)
ITC Infotech France SAS (w.e.f. 8th February, 2023)
ITC Infotech GmbH (w.e.f. 10th March, 2023)

(iii) OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS, etc.

Fellow Subsidiary Companies

Surya Nepal Private Limited
Technico Agri Sciences Limited
North East Nutrients Private Limited
Fortune Park Hotels Limited
Russell Credit Limited
ITC Indivision Limited

Associates of the Holding Company

International Travel House Limited
ATC Limited

Subsidiaries of Ultimate Parent Company of Tobacco Manufacturers (India) Limited (TMI) of which the Holding Company is an Associate

Employee Trusts

ITC Management Staff Gratuity Fund
ITC Pension Fund
ITC Gratuity Fund - C

(iv) KEY MANAGEMENT PERSONNEL

Non-Executive Directors

Mr. S. Puri - Chairman
Mr. S. Sivakumar - Vice Chairman
Ms. P. Balaji
Mr. B. B. Chatterjee (up to 19th July, 2022)
Mr. S. Dutta (w.e.f 21st July, 2022)
Mr. R. K. Singhi (w.e.f. 21st July, 2022)
Mr. R. Tandon (up to 19th July, 2022)

Others (Members of Executive Management Committee)

Mr. S. Singh, Managing Director & CEO
Mr. R. Batra, Chief Financial Officer
Mr. S. V. Shah, Company Secretary (up to 26th June, 2022)
Mr. K. Ray, Chief Human Resources Officer

Company Secretary

Mr. S. V. Shah (up to 26th June, 2022)
Mr. S. Jain (appointed w.e.f. 27th June, 2022)

(v) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

(₹ in Lakhs)

Sl. No.	Description	Holding Company		Wholly Owned Subsidiaries							Fellow Subsidiaries	
				2023					2022			
		2023	2022	**ITC Infotech Limited (UK)**	**ITC Infotech (USA), Inc.**	**ITC Infotech Do Brasil LTDA (w.e.f. 10.10.2022)**	**ITC Infotech France SAS (w.e.f. 08.02.2023)**	**ITC Infotech GmbH (w.e.f. 10.03.2023)**	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	**2023**	2022
1	Sale of Goods / Services	19,719	17,686	11,595	69,189	-	-	-	21,849	61,582	343	254
2	Purchase of Goods / Services	428	80	-	-	219	6	6	-	-	-	-
3	Sale of Property, Plant and Equipment	18	-	-	-	-	-	-	-	-	-	-
4	Cost incurred towards Property, Plant and Equipment	160	-	22	-	-	-	-				
5	Issue of shares to Holding Company	44,800	-	-	-	-	-	-				
6	Investment in Subsidiaries	-	-	-	-	422	2,662	2,481	-	-	-	-
7	Rent	2,020	2,097	-	-	-	-	-				
8	Reimbursement of Contractual Remuneration [includes remuneration to KMP ₹ 317 Lakhs (2022 : ₹ 275 Lakhs)]	1,066	917	-	-	-	-	-	-	-	-	-
9	Expenses Recovered	5	4	46	31	-	-	-	21	34	-	-
10	Expenses Reimbursed	374	366	73	164	-	-	-	44	-	-	-
11	Capital Contribution for Share Based Payments	52	17	-	-	-	-	-	-	-	-	-
12	Employee Share Based Payments	237	38	-	-	-	-	-	-	-	-	-
13	Interim Dividend	14,960	45,156	-	-	-	-	-	-	-	-	-

(₹ in Lakhs)

Sl. No.	Description	Associates of the Holding Company		Subsidiaries of Ultimate Parent Company of TMI of which the Holding Company is an Associate		Employee Trusts		Key Management Personnel	
		2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
1	Sale of Goods / Services	146	209	21,844	23,442	-	-	-	-
2	Purchase of Goods / Services	1,846	685	-	-	-	-	-	-
3	Remuneration to Key Management Personnel (KMP)								
	(i) Directors	-	-	-	-	-	-	606	643
	(ii) Others	-	-	-	-	-	-	194	128
4	Contribution to Employees' Benefit Plans	-	-	-	-	285	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vi) DISCLOSURE OF OUTSTANDING BALANCES

(₹ in Lakhs)

Description	Holding Company		Wholly Owned Subsidiaries							Fellow Subsidiaries	
			2023					2022			
	2023	2022	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	ITC Infotech Do Brasil LTDA (w.e.f. 10.10.2022)	ITC Infotech France SAS (w.e.f. 08.02.2023)	ITC Infotech GmbH (w.e.f. 10.03.2023)	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	2023	2022
Balances as at 31st March,											
i) Trade Receivables	–	90	–	4,490	–	–	–	3,409	7,424	197	149
ii) Trade Payables	142	141	194	–	219	6	6	13	–	–	–
iii) Other Payables	218	81	–	–	–	–	–	–	–	–	–

(₹ in Lakhs)

Description	Associates of the Holding Company		Subsidiaries of Ultimate Parent Company of TMI of which the Holding Company is an Associate		Employee Trusts	
	2023	2022	2023	2022	2023	2022
Balances as at 31st March,						
i) Trade Receivables	5	17	5,925	4,877	–	–
ii) Trade Payables	6	9	–	–	–	–
iii) Advances Given	–	–	–	–	576	450
iv) Other Payables	–	–	–		879	285

(vii) INFORMATION REGARDING SIGNIFICANT TRANSACTIONS

(Generally in excess of 10% of the total transaction value of the same type)

(₹ in Lakhs)

Related Party Transactions	2023	2022	Related Party Transactions	2023*	2022*
Purchase of Goods / Services			**Remuneration to Key Management Personnel (KMP)**		
International Travel House Limited	1,846	685	Mr. S. Singh	606	643
			Mr. R. Batra	216	182
Contribution to Employees' Benefit Plans			Mr. S. Shah	49	93
ITC Management Staff Gratuity Fund	285	-	Ms. S. Burman	-	100
			Mr. K. Ray	194	28
			Mr. S. Jain	45	-

** Includes provision for incentives, as applicable, which will get finalised subsequently.*

(viii) INFORMATION REGARDING SIGNIFICANT BALANCES

(Generally in excess of 10% of the total balance of the same type)

(₹ in Lakhs)

Related Party Balances	2023	2022
Trade Payables		
International Travel House Limited	6	9
Advances Given		
ITC Pension Fund	576	450
Other Payables		
ITC Gratuity Fund C	36	-
ITC Management Staff Gratuity Fund	843	285

(ix) COMPENSATION OF KEY MANAGEMENT PERSONNEL*

The remuneration of directors and other members of key management personnel during the year is as follows:

(₹ in Lakhs)

	2023	2022
Employee Benefits	1,110	1,047
Others	-	2

**Post employment benefits are actuarially determined on overall basis, hence not separately available and not included above. Further, value of employee share based payments is not included above, refer note 29 for details.*

(x) SIGNIFICANT TERMS AND CONDITIONS OF OUTSTANDING BALANCES

All outstanding balances are unsecured and are repayable in cash.

35 Ratios

Particulars	Numerator	Denominator	31st March 2023	31st March 2022
Current Ratio[1]	Current Assets	Current Liabilities	2.1	3.4
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.0	0.0
Debt Service Coverage Ratio[2]	Earnings available for Debt Service	Debt Service	55.2	165.0
Return on Equity[3]	Net Profits after Taxes	Average Shareholder's Equity	32.1%	69.6%
Trade Receivables turnover ratio	Revenue	Average Trade Receivable	7.6	10.0
Trade Payables turnover ratio	Adjusted Other Expenses	Average Trade Payables	4.8	5.2
Net capital turnover ratio	Revenue	Working Capital	3.7	3.7
Net profit ratio[4]	Net Profit	Revenue	13.4%	22.6%
Return on capital employed (ROCE)[3]	Earning before Interest and Taxes	Average Capital Employed	42.2%	92.6%
Return on Investment(ROI)[5]	Income generated from Investments	Average Investments	6.1%	4.9%

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

[1] The change in the current ratio by more than 25% is primarily due to liabilities from acquisition of Business and Commercial Rights.
[2] The change in the debt service coverage ratio by more than 25% is primarily due to reduction of profits.
[3] Return on equity and return on capital employed reduced due to reduction of profits coupled with infusion of additional share capital.
[4] Net profit ratio reduced due to reduction of profits.
[5] Return on Investment has increased primarily due to increase in Repo Rate from 4% to 6.5% during the year. Investments represent Investment in Debt Mutual Funds.

36 Acquisition of Business and Commercial Rights

On 20th April 2022, the Company entered into an agreement with PTC Inc., a global technology company headquartered in Boston, USA, to acquire a part of PTC's PLM implementation services business and create a new service line focused on the adoption of PTC's industry-leading Windchill PLM software as a service (SaaS). As part of this agreement, the Company acquired Business and Commercial Rights resulting in the Company becoming a preferred partner for consulting and implementation services relating to the Windchill PLM and associated application lifecycle management (ALM) and service lifecycle management service (SLM) software business. The transaction was consummated on 1st June 2022, and the Company capitalized INR 74,538 lakhs relating to Business and Commercial Right acquired as an intangible asset.

The consideration is payable through cash consideration, assumption of certain employee liabilities and involves contingent consideration which is subject to achievement of revenue and business targets. The details relating to the transaction are as follows:

(₹ in Lakhs)

Particulars	31st March, 2023
Business and Commercial Rights acquired and capitalized on 1st June 2022 as an intangible asset [Refer Note 2(c)]	74,538
Employee Liabilities assumed on date of acquisition	(2,440)
Consideration payable to PTC Inc.	72,098
Settled:	
Initial consideration paid on 1st June 2022 [Refer Cash Flow Statement]	(25,219)
Settlement of consideration by offset of trade receivables [Refer Cash Flow Statement]	(164)
Changes in fair value recognised in Other Expenses [Refer Note 20]	5,063
Change in fair value transferred to Hedge Reserve [Refer Note 32]	496
Closing Balance (31st March 2023)*	**52,274**

*Out of the total closing balance of INR 52,274 Lakhs, INR 21,327 Lakhs is non-current liability and INR 30,947 Lakhs is current liability.

The intangible assets relating to Business and Commercial Rights is recorded after considering the fair of value of the consideration on the date of acquisition.

The contingent consideration is subsequently measured at fair value through profit and loss and as at March 31st 2023, any reasonable possible changes in the key inputs will not result into a significant change in the fair value of the contingent consideration. The contingent consideration is recognized as a level 3 input as they are dependent on achievement of revenue and business targets.

37 Subsequent Events

A new subsidiary of the Company has been incorporated in Mexico in the name of ITC Infotech de México, S.A. de C.V. on 17th April 2023.

All events up to the date of the issue of financial statements have been considered.

38 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 3rd May, 2023.

39 Comparatives

As required by Ind AS, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(₹ in Lakhs)

FORM AOC–1

(PURSUANT TO FIRST PROVISO TO SUB–SECTION (3) OF SECTION 129 OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (ACCOUNTS) RULES, 2014)

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES

PART A: SUBSIDIARIES

1	Sl. No.	1	2	3	4	5	6
2	**Name of the Subsidiary***	**ITC Infotech Limited (UK)**	**ITC Infotech (USA), Inc.**	**Indivate Inc. (Note 2)**	**ITC Infotech do Brasil LTDA**	**ITC Infotech France SAS**	**ITC Infotech Gmbh**
3	The date since when subsidiary was acquired	19th June, 2001	24th May, 2001	18th November, 2016	10th October, 2022	8th February, 2023	10th March, 2023
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Reporting currency - GBP	Reporting currency - USD	Reporting currency - USD	Reporting currency - BRL	Reporting currency - EUR	Reporting currency - EUR
		Exchange rate GBP 1 = ₹ 101.6475	Exchange rate USD 1 = ₹ 82.1700	Exchange rate USD 1 = ₹ 82.1700	Exchange rate BRL 1 = ₹ 16.1292	Exchange rate EUR 1 = ₹ 89.4425	Exchange rate EUR 1 = ₹ 89.4425
6	Share Capital	697	14,955	82	419	2,683	2,549
7	Reserves and Surplus	8,261	9,553	682	19	0	0
8	Total Assets	12,559	39,841	2,038	555	2,690	2,555
9	Total Liabilities	12,559	39,841	2,038	555	2,690	2,555
10	Investments (excluding Investments in subsidiaries)	-	-	-		-	-
11	Turnover (Note 1)	30,877	1,19,251	3,415	221	6	6
12	Profit before Taxation	1,665	4,419	660	27	1	1
13	Provision for Taxation	190	1,235	-	8	0	0
14	Profit after Taxation	1,475	3,184	660	19	0	0
15	Proposed Dividend (Paid during the year)	-	-	-	-	-	-
16	Extent of Shareholding (%)	100%	100%	100%	100%	100%	100%

While a new subsidiary of the Company has been incorporated in Malaysia in the name of ITC Infotech Malaysia SDN. BHD. on 3rd February 2023 there have been no transactions in the subsidiary during the year.

Note 1: Turnover includes other income and other operating revenue

Note 2: ITC Infotech (USA), Inc. holds 100% shareholding of Indivate Inc.

PART B: ASSOCIATES AND JOINT VENTURES - NOT APPLICABLE

On behalf of the Board

S. Singh Managing Director Bengaluru	**S. Sivakumar** Vice Chairman Hyderabad
R. Batra Chief Financial Officer Bengaluru	**S. Jain** Company Secretary Bengaluru

Date : 03 May, 2023

Strategic Report

The Directors present their Strategic Report for the year ended 31st March 2023.

Key Performance Indicators

	£ (million)	
Year Ended March 31,	**2023**	**2022**
Total Revenue	**30.30**	40.02
Cost of Sales	**23.83**	35.60
Gross Profit	**6.47**	4.42
Profit before Tax	**1.64**	0.90
Profit after Tax	**1.45**	0.79

Business review

In 2022-23 the Company achieved a revenue of GBP 30.3 million while the net profit was GBP 1.45 million. Revenue in the current year was impacted by the outcome of changing strategic priorities in a few key accounts, in the backdrop of a volatile macro-economic environment. The Company continued to invest in strengthening existing capabilities and identifying new opportunities for long-term growth and differentiation. The Company's portfolio of client and industry-focused capabilities include PLM-led Digital Thread Solutions, Digital Manufacturing, Open Hospitality and Cloud amongst others. Cost optimization, digital transformation and talent-centric strategies continued to drive technology spending. The Company continued to enable clients to leverage these trends, and witnessed a strong performance across verticals, particularly in Hospitality, Consumer & Packaged Goods and Manufacturing. The Company saw good demand for its PLM-led Digital Thread, Digital Manufacturing and Open Hospitality Solutions. Majority of the customers of the Company are based in UK, please refer to Note 14.

Section 172(1) statement

During the year ended 31st March 2023, the directors have complied with their duties with regard to the matters set out in section 172(1) (a)-(f) of the Companies Act 2006. The directors believe that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. Further information is set out in this Strategic Report and the Directors' Report.

Customers

Customer centricity continues to be one of the strategic pillars of the Company. To fulfill our vision of providing business- friendly solutions to our clients, the Company continued to sharpen its focus on key customer relationships across all industry verticals. The Company's strategic and trusted partnerships with key customers across its portfolio enable it to drive opportunities for long-term, sustainable and profitable growth.

Employees

The Company's strategic pillar of 'Employee Centricity' continues to drive its focus on attracting, training and retaining high-quality talent. The Company continued to shape its differentiated employee value proposition built on the core tenets of a compelling purpose & culture, holistic well-being, and global career opportunities. To strengthen its culture of continuous learning and to support our long-term growth aspirations, the Company invested in building client-focused learning academies for its key customers.

Future Outlook

In the backdrop of global economic volatility, cost takeouts, vendor consolidation and digital transformation will continue to drive the strategic priorities of clients. Our strategic pillars of customer centricity, employee centricity and operational excellence and our vision of providing business-friendly solutions to our clients will enable us to stay relevant to their changing business priorities in this environment. We will continue to invest in mining and growing key client relationships towards becoming their trusted partners in driving their growth and transformation agendas.

In this context, we will continue to invest in strengthening our portfolio of client & industry-focused differentiated capabilities. The Company will continue to invest, and shape well-defined offerings aligned to the theme of delivering Business Friendly Solutions across select industry verticals. The Company will also sharpen its alliance ecosystem with future ready Software Vendors in identified capability areas in Digital, Data & Analytics and Infrastructure Services amongst others. The Company will sustain its investments in hiring and training the right talent with a focus on building a culture of continuous learning.

Principal Risks and Uncertainties

The ongoing economic and geo-political volatility is expected to continue impacting client sentiment and IT spending. This is resulting in a sustained focus on cost-optimization and vendor consolidation. Clients are increasingly looking for trusted partners who are jointly invested in shaping and driving their growth and transformation agenda. The demand for attracting, training, and retaining high-quality talent, particularly in niche and future-focused technologies continues to remain a top priority to succeed in the global technology landscape. However, the Company's strategy of increasing its onsite presence, including local hiring, its investments in strengthening its Sales teams (hiring & sales enablement training) and its continued investments in learning & development for its employees will mitigate these risks. The Company is also focused on increasing its client relevance through differentiated and integrated offerings across its portfolio of services. In addition, the volatility around British Pound, USD and Euro are also key risks for the Company. The Company will focus on the stated strategy to grow the business in identified markets in the European region, which present a significant growth opportunity.

Approved by the Board on 2nd May, 2023 and signed on behalf of the Board by

S. Singh
Director

S. Sivakumar
Vice Chairman

ITC Infotech Limited
Building 5,
Caldecotte Lake Drive, Caldecotte,
Milton Keynes, Buckinghamshire
MK7 8LF

Directors' Report

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March 2023.

The Company is a wholly owned subsidiary of ITC Infotech India Limited, incorporated in India. The Company has foreign branches in Singapore and Czech Republic. Details of the future outlook for the Company can be found in the Strategic Report which forms part of this report.

Principal activities

The Company is engaged in providing information technology services to enterprise clients.

Financial risk management objectives and policies

The objective of financial risk management is to protect the value of the Company's financial assets against possible erosion due to adverse materialisation of risks related to credit, liquidity, and foreign currency exposures.

The existence of financial assets exposes the Company to a number of financial risks. The main risks are market risk due to currency risk, credit risk and liquidity risk.

a) Market risk - currency risk

The Company is exposed to translation and transaction foreign exchange risks. While the Company makes payments, mostly in GBP, to its major supplier(s), 26% (2022: 20%) of its sales in the year under review were in US dollars and 24% (2022: 16%) in Euro. The Company has bank accounts in multiple currencies. The Company reviews its foreign exchange management processes on a regular basis and ensures that fund flow position is maintained in a manner to minimize the impact of foreign exchange fluctuations.

b) Credit risk

The Company's principal financial assets are cash and trade debtors. The Company has robust processes to assess customer credit-worthiness and consequently there are no significant risks on this count.

c) Liquidity risk

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Dividend

No dividends were declared and paid to the shareholder during the year ended 31st March 2023 (2022: NIL) and no dividends have been proposed after the balance sheet date for the said year

Directors

The Directors in office at the end of the year are listed below. The Directors did not have any interest in the shares of the Company during the year and to the date of signing this report as indicated below:

	Ordinary Shares
S. Puri	-
S. Sivakumar	-
R. Singhi (appointed w.e.f. 21st July 2022)	-
S. Singh	-
S. Dutta (appointed w.e.f. 21st July 2022)	-
B.B. Chatterjee (ceased to be Director w.e.f. 20th July 2022)	-
R. Tandon (ceased to be Director w.e.f. 21st July 2022)	-

Mr. S. Puri, Chairman & Director, and Mr. S. Singh, Director, will retire by rotation at the next Annual General Meeting and, being eligible, offer themselves for re-election.

Equal Opportunities for Employees

The Company believes that people are our most valuable asset and will give our business a distinct competitive advantage. Our people strategies are designed to enable our employees to enhance their professional skills and actualise their potential. The Company is committed to building a work culture that will enable people to derive the maximum professional satisfaction and help them harness their potential in achieving individual and organisational goals.

The Company strives to give full and fair consideration to applications for employment made by differently abled persons, having regard to their particular aptitudes and abilities, and extends full support during their employment by providing, inter alia, appropriate training and opportunities for career development.

The Company is an equal opportunity employer and all positions within the Company are open to all regardless of sex, race, religion, colour or marital status. This also covers opportunities for promotion within ITC Infotech Limited. The Company continues to be guided by its values of Customer focus, Respect for People, Excellence, Abounding Innovation, Trusteeship and Ethical Corporate Citizenship.

Business Relationships

As stated in the Strategic Report, the Company is focussed on achieving growth through well defined offerings aligned to the theme of delivering Business Friendly Solutions to select industry verticals. Strengthening alliances with a select set of Software Vendors will continue to be an important focus area of the Company, while forming and nurturing new partnerships with emerging, future ready Software Vendors.

Going Concern Assessment

The Company has considered internal and external sources of information up to the date of approval of these financial statements, including credit reports and related information, economic forecasts etc. The Company has also performed sensitivity analysis on the assumptions used, and based on current estimates, does not expect any material impact on forecast for a period of 12 months from the date of signing the financial statements.

For its day-to-day working capital requirements, the Company uses its cash reserves, when required. In this context, the key factors considered in assessing the going concern status of the Company are:

1. The transfer pricing arrangements with its parent company, whereby the Company will earn a minimum return on relevant costs.
2. The results of the forecasts and projections prepared by the Company for its business plan for FY 2023-24 which, taking into account reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves.
3. The Company's FY 2022-23 collections from customers have remained robust which is evident in reduction in Trade Receivables (£5.17 million as at 31st March 2022 to £4.92 million as at 31st March 2023).

Based on the above, the Directors are confident that the business plan projections support their reasonable expectation that the Company has adequate resources to continue operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom adopted International Accounting Standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmation

Each of the directors, whose names are listed in Directors' Report confirm that, to the best of their knowledge:

- the company's financial statements, which have been prepared in accordance with IFRSs as adopted by the U.K., give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

Disclosure of Information to Auditor

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board on 2nd May, 2023 and signed on behalf of the Board by

S. Singh **Director**	**S. Sivakumar** **Vice Chairman**	**ITC Infotech Limited** **Building 5,** **Caldecotte Lake Drive, Caldecotte,** **Milton Keynes, Buckinghamshire** **MK7 8LF**

Independent auditors' report to the members of ITC Infotech Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of ITC Infotech Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Anti-bribery Act, GDPR, health and safety rules and employment law.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

The existence assertion of unbilled revenue and the associated cut-off assertion of revenue, both specifically relating to Time and Material contracts, have been pinpointed as the potential risks of fraud. This requires manual input and some extent of judgement, hence, may be subject to fraud. Our audit procedures included the test of unbilled revenue against timesheet data from the current financial year, which provided us reasonable assurance over the existence of unbilled revenue and the related cut-off assertion of revenue.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Chris Wademan FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor Newcastle, U.K.
30th May 2023

Income Statement

		Year ended March 31,			
		2023 £	**2023 ₹ Unaudited**	**2022 £**	**2022 ₹ Unaudited**
Revenue					
-Sale of Services		**30,022,946**	**3,051,757,398**	39,693,829	3,947,749,769
-Resale of Software/Hardware		**278,744**	**28,333,623**	273,856	27,236,332
-Other Revenue		**–**	**–**	52,668	5,238,130
Total Revenue	14	**30,301,690**	**3,080,091,021**	40,020,353	3,980,224,231
Cost of sales	15	**(23,828,098)**	**(2,422,066,576)**	(35,597,912)	(3,540,390,316)
Gross profit		**6,473,592**	**658,024,445**	4,422,441	439,833,915
Selling, general and administrative expenses	15	**(4,910,219)**	**(499,111,487)**	(3,645,870)	(362,599,991)
Operating Profit		**1,563,373**	**158,912,958**	776,571	77,233,924
Foreign exchange gain		**40,419**	**4,108,514**	115,003	11,437,613
Finance and other income	17	**34,216**	**3,477,953**	3,517	349,807
Profit before income tax		**1,638,008**	**166,499,425**	895,091	89,021,344
Income tax expense	12	**(187,134)**	**(19,021,711)**	(107,773)	(10,718,583)
Profit for the year		**1,450,874**	**147,477,714**	787,318	78,302,761

All the above results relate to continuing activities.

There are no recognised gains or losses in the current and prior year other than as included in the income statement. Accordingly, no statement of comprehensive income is presented.

The accompanying notes on pages 45 to 55 form an integral part of these financial statements.

Statement of Financial Position

Company Reg No - 02777705

	Note	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Assets					
Property, plant and equipment	4	167,254	17,000,886	209,026	20,788,681
Other non-current assets	7	2,500	254,119	1,950	193,938
Non-current - Contract asset (capitalized cost)	19	606,449	61,644,043	982,691	97,733,543
Right-of-Use Asset	18	58,946	5,991,739	137,542	13,679,209
Total non-current assets		835,149	84,890,787	1,331,209	132,395,371
Current tax asset		58,649	5,961,524	-	-
Trade receivables	5	4,916,218	499,721,267	5,171,013	514,283,098
Contract assets-Unbilled revenue	5	3,615,969	367,554,209	2,347,127	233,433,516
Current - Contract asset (capitalized cost)	19	–	–	146,912	14,611,111
Other current assets	7	207,798	21,122,249	103,892	10,332,579
Cash and cash equivalents	6	2,721,793	276,663,454	4,391,602	436,766,777
Total current assets		11,520,427	1,171,022,703	12,160,546	1,209,427,080
Total assets		12,355,576	1,255,913,490	13,491,755	1,341,822,451
Equity					
Share capital	13	685,815	69,711,380	685,815	68,207,731
Retained earnings		8,127,123	826,101,648	6,676,249	663,986,281
Equity attributable to owners of the company		8,812,938	895,813,028	7,362,064	732,194,012
Total equity		8,812,938	895,813,028	7,362,064	732,194,012
Non-current - Lease liability	18	–	–	64,899	6,454,530
Non-current - Contract liability	19	–	–	572,886	56,976,348
Non-current - Other liabilities	9	115,782	11,768,951	–	–
Deferred income tax liability	12	38,521	3,915,564	47,425	4,716,693
Total Non-current liabilities		154,303	15,684,515	685,210	68,147,571
Trade payables and accrued expenses	8	730,780	74,282,173	3,985,600	396,388,047
Unearned revenue	10	78,004	7,928,793	78,005	7,757,960
Current tax liability		–	–	1,625	161,453
Current - Lease liability	18	65,683	6,676,584	85,836	8,536,819
Current - Contract liability	19	909,674	92,466,106	283,768	28,222,146
Other current liabilities	9	1,604,194	163,062,309	1,009,647	100,414,442
Total current liabilities		3,388,335	344,415,965	5,444,481	541,480,868
Total liabilities		3,542,638	360,100,480	6,129,691	609,628,439
Total equity and liabilities		12,355,576	1,255,913,508	13,491,755	1,341,822,451

These financial statements on pages 42 to 55 were approved by the directors on 2nd May, 2023 and are signed on their behalf by:

Anindya Roy	**Karan Shukla**	**S. Singh**	**S. Sivakumar**
President	Financial Controller	Director	Vice Chairman

The accompanying notes on pages 45 to 55 form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31st March, 2023

		No. of Shares	Share Capital		Retained Earnings		Total equity	
			£	₹	£	₹	£	₹
	Note			Unaudited		Unaudited		Unaudited
Balance as at April 1, 2021		685,815	685,815	68,207,731	5,888,931	585,683,520	6,574,746	653,891,251
Profit for the year		–	–	–	787,318	78,302,761	787,318	78,302,761
Other comprehensive income		–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	787,318	78,302,761	787,318	78,302,761
Transactions with owners in their capacity as owners:								
Cash dividend paid		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
Balance as at March 31, 2022		685,815	685,815	68,207,731	6,676,249	663,986,281	7,362,064	732,194,012
Balance as at April 1, 2022		685,815	685,815	69,711,380	6,676,249	678,623,934	7,362,064	748,335,314
Profit for the year		–	–	–	1,450,874	147,477,714	1,450,874	147,477,714
Other comprehensive income		–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	1,450,874	147,477,714	1,450,874	147,477,714
Transactions with owners in their capacity as owners:								
Cash dividend paid		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
Balance as at March 31, 2023		685,815	685,815	69,711,380	8,127,123	826,101,648	8,812,938	895,813,028

For simplicity, the unaudited brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at 31st March of the respective financial year.

The accompanying notes on pages 45 to 55 form an integral part of these financial statements.

Statement of Cash Flows

		Year ended March 31,			
		2023	2023	2022	2022
		£	₹	£	₹
	Note		Unaudited		Unaudited
Cash flows from operating activities					
Profit for the year		1,450,874	147,477,714	787,318	78,302,761
Adjustment for:					
Depreciation	4	59,018	5,999,050	63,644	6,329,714
Loss on disposal of asset		23	2,256	63	6,300
ROU Depreciation	18	78,595	7,989,030	78,596	7,816,716
Interest on Lease Liability	18	2,222	225,907	3,904	388,268
Interest income	17	(34,216)	(3,477,953)	(3,517)	(349,807)
Income tax expense	12	187,134	19,021,711	107,773	10,718,583
Changes in operating assets and liabilities					
Trade receivables	5	254,795	25,899,225	953,240	94,804,455
Contract Assets-Unbilled revenues	5	(1,268,842)	(128,974,664)	1,581,398	157,277,927
Contract Asset (capitalized cost)	19	523,154	53,177,284	(1,129,603)	(112,344,696)
Contract Liability	19	53,020	5,389,399	856,653	85,198,424
Other assets	7	(104,456)	(10,617,640)	474	47,064
Trade payables and accrued expenses	8	(3,254,820)	(330,844,329)	661,354	65,774,999
Unearned revenues	10	(1)	(64)	(60,138)	(5,980,988)
Other liabilities	9	710,329	72,203,075	(1,848,208)	(183,813,513)
Net cash provided by operating activities before taxes		(1,343,171)	(136,529,999)	2,052,951	204,176,207
Income tax paid (net)		(256,312)	(26,053,524)	(59,688)	(5,936,310)
Net cash (utilised by)/generated in operating activities		(1,599,483)	(162,583,523)	1,993,263	198,239,897
Cash flows from investing activities					
Purchase of Property, Plant and Equipment	4	(38,879)	(3,951,932)	(66,679)	(6,631,560)
Sale of Property, Plant and Equipment	4	21,611	2,203,318	–	–
Interest received	17	34,216	3,477,953	3,517	349,807
Net cash used in investing activities		16,948	1,729,339	(63,162)	(6,281,753)
Cash flows from financing activities					
Lease Liability Payment	18	(87,274)	(8,877,726)	(87,253)	(8,677,697)
Dividends paid to the parent company		–	–	–	–
Net cash used in financing activities		(87,274)	(8,877,726)	(87,253)	(8,677,697)
Net (decrease)/increase in cash and cash equivalents		(1,669,809)	(169,731,910)	1,842,848	183,280,447
Cash and cash equivalents at beginning of the year	6	4,391,602	446,395,364	2,548,754	253,486,329
Cash and cash equivalents at end of the year	6	2,721,793	276,663,454	4,391,602	436,766,776

For simplicity, the unaudited brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.

The accompanying notes on pages 45 to 55 form an integral part of these financial statements.

Notes to the financial statements

Supplementary information - Indian Rupee amounts

The financial statements of ITC Infotech Limited are prepared in accordance with International Financial Reporting Standards and are presented in GBP. The supplementary information (comprising the pro-forma financial information disclosed in Indian Rupees) requested by the parent company has been arrived at by applying the year end interbank exchange rate of £1 = ₹ 101.65 (2022: £1 = ₹ 99.46) as provided by the parent company. The supplementary information has not been audited.

1. Company overview

The Company is engaged in providing information technology services to enterprise clients.

The Company is a private company limited by shares incorporated in United Kingdom under Companies Act, 2006 and registered in England and Wales and has its registered office at Building 5, Caldecotte Lake Drive, Caldecotte, Milton Keynes, Buckinghamshire, England, United Kingdom, MK7 8LF.

2. Basis of preparation of financial statements

(a) **Statement of compliance**

These financial statements as at and for the year ended March 31, 2023, have been prepared in accordance with United Kingdom adopted International Accounting Standards (and with International Financial Reporting Standards as issued by the IASB).

(b) **Basis of measurement**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable IFRS. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

(c) Going Concern assessment

The Company has considered internal and external sources of information up to the date of approval of these financial statements, including credit reports and related information, economic forecasts etc. The Company has also performed sensitivity analysis on the assumptions used, and based on current estimates, does not expect any material impact on forecast for a period of 12 months from the date of signing the financial statements.

For its day-to-day working capital requirements, the Company uses its cash reserves, when required. In this context, the key factors considered in assessing the going concern status of the Company are.

1. The transfer pricing arrangements with its parent company, whereby the Company will earn a minimum return on relevant costs.
2. The results of the forecasts and projections prepared by the Company for its business plan for FY 2023-24 which, taking into account reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves.
3. The Company's FY 2022-23 collections from customers have remained robust which is evident in reduction in Trade Receivables (£5.17 million as at 31st March 2022 to £4.92 million as at 31st March 2023).

Based on the above, the Directors are confident that the business plan projections support their reasonable expectation that the Company hasadequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

(d) **Functional and presentation currency**

The financial statements are presented in British pound, which is the functional currency of the company which is the currency of the primary economic environment in which the entity operates.

(e) Use of estimates

There are no judgments other than the estimates involving judgments as stated below. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

i) *Revenue recognition:* The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labour costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognised revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the year in which the loss becomes probable. Due to the nature of the contracts under unbilled revenue, it is not feasible to prepare a sensitivity analysis. Contract assets-unbilled revenues represent amounts recognised based on services performed in advance of billing in accordance with contract terms. The Company recognises contract assets-unbilled revenues based on underlying contractual documents for services rendered, further evidenced by timesheet approval where applicable.

ii) *Impairment Assessment for Contract Asset (Capitalized Cost):* The value of the contract asset (capitalized cost) requires judgement in assessing whether an impairment exists and subsequently the estimates and assumptions in determining the valuation are considered significant. Due to changes in the economic environment, and the changing banking landscape, we have calibrated expected returns compared to the projections considered at the time of entering the original agreement, resulting in downward assessment in the contract asset (capitalized cost) value.

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities and the reported amount of revenues and expenses for the reporting period.

3. Significant accounting policies

Financial instruments

Non-derivative financial instruments of the Company comprise of trade and other receivables and trade and other liabilities.

There are no derivative financial instruments.

Notes to the financial statements (Contd.)

The classification of financial instruments depends on the purpose for which those were acquired. Management determines the classification of its financial instruments at initial recognition.

(i) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Trade and other receivables are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Credit is extended to customers after evaluating them against key parameters such as financial position, credit ratings, market intelligence, past experience etc., as may be appropriate. Trade receivables are monitored regularly. Concentration of credit risk, with respect to trade receivables, is limited, due to the Company's customer base being large and internationally dispersed. Some of the Company's key Customers have been transacting for many years and the incidence of bad debts is negligible. The Company recognises provision for expected credit loss on an individual customer basis, based on risk assessment, which are conducted regularly and considers all aspects with respect to debts such as invoice ageing, credit information, etc. The Company writes off a financial asset when there is no probability of recovery of the debt, any recoveries made post write off are recognised in the profit & loss account.

In calculating expected credit loss, the Company has considered credit reports and other related credit information for its customers to estimate the probability of default (i.e., no longer recoverable) in future. Refer to note 5 for values of Trade Receivables and provisions.

Trade and other receivables are represented by trade receivables, contract assets-unbilled revenue, employee loans and other advances.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which are unrestricted for withdrawal and usage.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system.

(iii) Trade and other payables

Trade and other payables are presented as current liabilities, except for those maturing later than 12 months after the reporting date which are presented as non-current liabilities. Trade and other payables are initially recognised at fair value, and subsequently carried at amortized cost using the effective interest method.

(iv) Contract asset (capitalised cost) and liabilities

The incremental costs of obtaining a contract are recognized as an asset and amortized to revenues in accordance with IFRS 15. Capitalized costs are monitored regularly for impairment. Impairment losses are recorded when present value of projected remaining operating cash flows is not sufficient to recover the carrying amount of the capitalized costs.

Revenue

The Company is engaged in providing information technology services to enterprise clients. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable.

Revenue is recognised upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services ("transaction price"). The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Group allocates the transaction price to each distinct performance obligation based on expected cost-plus margin. Revenue excludes amounts collected on behalf of third parties, such as value added tax.

a) Revenue is recognised from services performed on a "time and material" basis, as and when the services are performed.

b) Revenue from Fixed price support services is recognised on a straight-line basis when services are performed through a series of repetitive acts over a specified period.

c) Revenue is recognised from services performed on "time bound fixed-price engagements" based on efforts expended using the percentage of completion method of accounting, if work completed can be reasonably estimated. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

d) Revenue from sales of third-party vendor software / hardware is recognised from trading in software packages / licenses / hardware upon delivery to customer.

The billing schedules agreed with customers include periodic performance-based billing and/or milestone-based progress billings.

Amounts received or billed in advance of services performed are presented as unearned revenue (contract liabilities). Contract assets - unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms.

Property, plant and equipment

All fixed assets are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. Deposits and advances paid towards the acquisition of fixed assets outstanding as of each reporting date and the cost of fixed assets not available for use before such date are disclosed under capital work- in-progress.

Depreciation

The Company depreciates fixed assets over the estimated useful life on a straight-line basis from the date the assets are available for use. Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life or the related lease term.

The estimated useful lives of assets for the current and comparative period of significant items of fixed assets are as follows:

Notes to the financial statements (Contd.)

Category	Useful life
Leasehold improvements	10 years
Fixtures & fittings	10 years
Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Income tax

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of income except to the extent it relates to items directly recognised in equity or in other comprehensive income.

a) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period.

b) Deferred income tax

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account except those gains and losses arising from the retranslation of the opening retained earnings in overseas branches are adjusted against the reserves.

Employee Benefits

The employer and employees each make periodic contributions to the pension fund equal to a specified percentage of the covered employee's salary. It is a defined contribution plan. The expenditure for defined contribution plans is recognised as expense during the period when the employee provides service.

Leases

As a Lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right–of–Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight-line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities are also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

The amount of ROU Asset and Lease Liabilities recognised in the Balance Sheet are disclosed in Note 18.

As a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalized within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

New Standards, interpretation and amendments not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and, in some cases, had not yet been adopted by the IASB.

Amendment to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Non-current Liabilities with Covenants*

The directors do not expect that the adoption of the Standards listed above will have a material impact on these financial statements in future periods, except if indicated below.

Notes to the financial statements (Contd.)

4. Property, plant and equipment

	Leasehold improvements		Computer equipment		Fixtures & fittings		Total	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Gross carrying value:								
As at 1 April 2021	147,829	14,702,333	135,304	13,456,690	57,060	5,674,853	340,193	33,833,876
Additions	–	–	66,679	6,631,560	–	–	66,679	6,631,560
Disposal	–	–	(1,682)	(167,283)	–	–	(1,682)	(167,283)
As at March 31, 2022	147,829	14,702,333	200,301	19,920,967	57,060	5,674,853	405,190	40,298,153
Accumulated depreciation:								
As at 1 April 2021	30,709	3,054,164	70,847	7,046,108	32,583	3,240,504	134,139	13,340,776
Depreciation	14,791	1,471,039	44,343	4,410,133	4,510	448,542	63,644	6,329,714
Disposal	–	–	(1,619)	(161,018)	–	–	(1,619)	(161,018)
As at March 31, 2022	45,500	4,525,203	113,571	11,295,223	37,093	3,689,046	196,164	19,509,472
Net carrying value as at March 31, 2022	102,329	10,177,130	86,730	8,625,744	19,967	1,985,807	209,026	20,788,681
Gross carrying value:								
As at 1 April 2022	147,829	15,026,448	200,301	20,360,096	57,060	5,800,006	405,190	41,186,550
Additions	–	–	38,879	3,951,932	–	–	38,879	3,951,932
Disposal	–	–	(49,145)	(4,995,492)	–	–	(49,145)	(4,995,492)
As at March 31, 2023	147,829	15,026,448	190,035	19,316,536	57,060	5,800,006	394,924	40,142,990
Accumulated depreciation:								
As at 1 April 2022	45,500	4,624,961	113,571	11,544,208	37,093	3,770,411	196,164	19,939,580
Depreciation	14,791	1,503,468	41,349	4,203,012	2,878	292,570	59,018	5,999,050
Disposal	–	–	(27,512)	(2,796,526)	–	–	(27,512)	(2,796,526)
As at March 31, 2023	**60,291**	**6,128,429**	**127,408**	**12,950,694**	**39,971**	**4,062,981**	**227,670**	**23,142,104**
Net carrying value as at March 31, 2023	**87,538**	**8,898,019**	**62,627**	**6,365,842**	**17,089**	**1,737,025**	**167,254**	**17,000,886**

For simplicity, the unaudited brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.

5. Trade receivables

	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Trade Receivables	**4,916,218**	**499,721,267**	5,171,013	514,283,098
Contract Assets-Unbilled Revenue				
- Time & Material	**3,227,512**	**328,068,496**	2,041,209	203,008,417
- Fixed Price contracts based on % Completion	**388,457**	**39,485,713**	305,918	30,425,099
Total	**8,532,187**	**867,275,476**	7,518,140	747,716,614

An expected credit loss provision of £159,359 (2022: £159,359) against Trade Receivables is included in the figures above. Contract assets-unbilled revenue receivables represent amounts recognised based on services performed in advance of billing in accordance with contract terms, (refer to note 2(e)(i) for further details):

a) in a Time & Material Contract – Right to consideration from customer that is unconditional upon passage of time

b) in a Milestone Contract - Contractual right to consideration is dependent on completion of contractual milestones.

For receivables from group companies, please refer to Note 20.

6. Cash and cash equivalents

Cash and cash equivalents consist of the following:	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Cash at bank	**2,721,793**	**276,663,454**	4,391,602	436,766,777
Cash and cash equivalents on statement of financial position	**2,721,793**	**276,663,454**	4,391,602	436,766,777
Cash and cash equivalents in the cash flow statement	**2,721,793**	**276,663,454**	4,391,602	436,766,777

7. Other Assets

	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Non-current				
Security deposits	**100**	**10,165**	100	9,946
Loans and Advances to employees	**2,400**	**243,954**	1,850	183,992
	2,500	**254,119**	1,950	193,938
Current				
Security deposits	–	–	7,352	731,193
Prepaid Expenses	**47,964**	**4,875,481**	42,484	4,225,246
Loans and Advances to Employees	**69,030**	**7,016,768**	52,580	5,229,344
Others	**90,804**	**9,230,000**	1,476	146,796
	207,798	**21,122,249**	103,892	10,332,579
Total	**210,298**	**21,376,368**	105,842	10,526,517

Notes to the financial statements (Contd.)

8. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Trade payables	(119,496)	(12,146,063)	3,407,759	338,919,069
Accrued expenses	850,276	86,428,236	577,841	57,468,978
Total	730,780	74,282,173	3,985,600	396,388,047

For payables to group companies, please refer to Note 20.

9. Other liabilities

	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Non-current				
Employee and other liabilities	115,782	11,768,951	–	–
	115,782	11,768,951	–	–
Current				
Employee and other liabilities	1,209,577	122,950,478	836,581	83,202,163
Statutory dues payable	394,617	40,111,831	173,066	17,212,279
	1,604,194	163,062,309	1,009,647	100,414,442
Total	1,719,976	174,831,260	1,009,647	100,414,442

10. Unearned Revenue

	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Amounts received in advance of delivery for service	78,004	7,928,793	78,005	7,757,960
Total	78,004	7,928,793	78,005	7,757,960

11. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2023 are as follows:

	Trade and Other receivables		Financial liabilities measured at amortized cost		Total carrying amount		Fair value	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Assets:								
Trade receivables	4,916,218	499,721,267	–	–	4,916,218	499,721,267	4,916,218	499,721,267
Contract Assets-Unbilled revenue	3,615,969	367,554,209	–	–	3,615,969	367,554,209	3,615,969	367,554,209
Cash and cash equivalents	2,721,793	276,663,454	–	–	2,721,793	276,663,454	2,721,793	276,663,454
Contract Asset (capitalized cost)	606,449	61,644,043	–	–	606,449	61,644,043	606,449	61,644,043
Other Assets	210,298	21,376,368	–	–	210,298	21,376,368	210,298	21,376,368
Total assets	**12,070,727**	**1,226,959,341**	–	–	**12,070,727**	**1,226,959,341**	**12,070,727**	**1,226,959,341**
Liabilities:								
Trade payables and accrued expenses	–	–	730,780	74,282,173	730,780	74,282,173	730,780	74,282,173
Contract Liability	–	–	909,674	92,466,106	909,674	92,466,106	909,674	92,466,106
Unearned revenue	–	–	78,004	7,928,793	78,004	7,928,793	78,004	7,928,793
Total liabilities	–	–	**1,718,458**	**174,677,072**	**1,718,458**	**174,677,072**	**1,718,458**	**174,677,072**

Revenue of 2022-23 includes an amount of £78,005 (2022: £138,143) recognised as 'Unearned Revenue' in financial year 2021-22.

The carrying value and fair value of financial instruments by categories as at March 31, 2022 are as follows:

	Trade and Other receivables		Financial liabilities measured at amortized cost		Total carrying amount		Fair value	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Assets:								
Trade receivables	5,171,013	514,283,098	–	–	5,171,013	514,283,098	5,171,013	514,283,098
Contract Assets-Unbilled revenue	2,347,127	233,433,516	–	–	2,347,127	233,433,516	2,347,127	233,433,516
Cash and cash equivalents	4,391,602	436,766,777	–	–	4,391,602	436,766,777	4,391,602	436,766,777
Contract Asset (capitalized cost)	982,691	97,733,543	–	–	982,691	97,733,543	982,691	97,733,543
Other Assets	105,842	10,526,517	–	–	105,842	10,526,517	105,842	10,526,517
Total assets	**12,998,275**	**1,292,743,451**	–	–	**12,998,275**	**1,292,743,451**	**12,998,275**	**1,292,743,451**
Liabilities:								
Trade payables and accrued expenses	–	–	3,985,600	396,388,047	3,985,600	396,388,047	3,985,600	396,388,047
Contract Liability	–	–	572,886	56,976,348	572,886	56,976,348	572,886	56,976,348
Unearned revenue	–	–	78,005	7,757,960	78,005	7,757,960	78,005	7,757,960
Total liabilities	–	–	**4,636,491**	**461,122,355**	**4,636,491**	**461,122,355**	**4,636,491**	**461,122,355**

Notes to the financial statements (Contd.)

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The objective of financial risk management is to protect the value of the Company's financial assets against possible erosion due to adverse materialisation of risks related to credit, liquidity, interest rate and foreign currency exposures.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customer. The Company's principal financial assets are cash and trade debtors. The Company has robust processes to assess customer credit worthiness and consequently there are no significant risks on this count. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of receivables.

The following table gives details in respect of revenues generated from top customer and top 5 customers:

	Year ended March 31,			
	2023	2023	2022	2022
	£	₹	£	₹
		Unaudited		Unaudited
Revenue from top customer	3,668,460	372,889,821	16,443,174	1,635,355,900
Revenue from top 5 customers	12,921,312	1,313,419,049	27,985,495	2,783,297,409

There is no other class of financial assets that is past due but not impaired except for trade receivables. The company's credit period generally ranges from 30-120 days (2021-22: 30-120 days). The age wise break up of trade receivables, net of allowances that are past due, is given below:

Period (in days)	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2022
	£	₹	£	₹
		Unaudited		Unaudited
Past due 0-30 days	656,773	66,759,334	324,536	32,276,728
Past due 30-60 days	244,119	24,814,086	642,656	63,915,352
Past due 60-90 days	95,187	9,675,521	26,289	2,614,572
Past due over 90 days	37,857	3,848,069	(33,897)	(3,371,226)
Total past due and not impaired	1,033,936	105,097,010	959,584	95,435,426

The allowance for impairment in respect of trade receivables at the year ended March 31, 2023, and March 31, 2022 was £ 159,359 and £ 159,359, respectively. The movement in the allowance for impairment in respect of trade receivables is as follows:

	For the year ended / As at 31 March 2023	For the year ended / As at 31 March 2023	For the year ended / As at 31 March 2022	For the year ended / As at 31 March 2022
	£	₹	£	₹
		Unaudited		Unaudited
Balance at the beginning of the year	159,359	16,198,444	159,359	15,849,049
Additions during the year	–	–	–	–
Received during the year	–	–	–	–
Written off during the year	–	–	–	–
Balance at the end of the year	159,359	16,198,444	159,359	15,849,049

For simplicity, the unaudited brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The cash position of the company is given below:

	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2022
	£	₹	£	₹
		Unaudited		Unaudited
Cash and cash equivalents	2,721,793	276,663,454	4,391,602	436,766,777
Total	2,721,793	276,663,454	4,391,602	436,766,777

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023 and March 31, 2022:

	As At 31st March 2023					
	Less than 1 year		1–2 years		2 years and above	
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Trade payables and accrued expenses	730,780	74,282,173	–	–	–	–
Other liabilities	1,604,194	163,062,309	115,782	11,768,951	–	–

	As At 31st March 2022					
	Less than 1 year		1–2 years		2 years and above	
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Trade payables and accrued expenses	3,985,600	396,388,047	-	-	-	-
Other current liabilities	1,009,647	100,414,442	-	-	-	-

Notes to the financial statements (Contd.)

Market Risk- Foreign Currency risk

The Company is exposed to translation and transaction foreign exchange risks. While the Company makes payments, mostly in GBP, to its major suppliers, 26% (2022: 20%) of its sales in the year under review were in US dollars and 24% (2022: 16%) in Euro. The Company has bank accounts in multiple currencies and during the year under review it did not hold any hedging instruments. Foreign exchange management is, however, kept under regular review.

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2023 and March 31, 2022.

As at 31st March 2023

	EUR		USD		Other Currencies*		Total	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Asset								
Trade Receivables	1,634,547	166,147,639	1,281,061	130,216,643	178,420	18,135,933	3,094,028	314,500,215
Contract Assets-Unbilled Revenue	837,548	85,134,643	854,617	86,869,679	275,635	28,017,578	1,967,800	200,021,900
Contract Asset (capitalized cost)	–	–	606,449	61,644,025	–	–	606,449	61,644,025
Cash and cash equivalents	648,656	65,934,211	873,853	88,825,009	205,459	20,884,410	1,727,968	175,643,630
Other assets	–	–	–	–	–	–	–	–
Liabilities								
Trade payables and accrued expenses	121,323	12,332,131	12,832	1,304,390	53,357	5,423,586	187,512	19,060,107
Contract Liability	–	–	909,674	92,466,106	–	–	909,674	92,466,106
Unearned Sales	–	–	1,794	182,353	–	–	1,794	182,353
Other liabilities	–	–	–	–	15,637	1,589,412	15,637	1,589,412
Net assets/liabilities	2,999,428	304,884,362	2,691,680	273,602,507	590,520	60,024,923	6,281,628	638,511,792

As at 31st March 2022

	EUR		USD		Other Currencies*		Total	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Asset								
Trade Receivables	1,428,076	142,029,313	2,328,938	231,624,542	153,291	15,245,513	3,910,305	388,899,368
Contract Assets-Unbilled Revenue	287,437	28,587,033	649,948	64,640,567	265,845	26,439,602	1,203,230	119,667,202
Contract Asset (capitalized cost)	–	–	982,691	97,733,562	–	–	982,691	97,733,562
Cash and cash equivalents	–	–	–	–	340,171	33,831,714	340,171	33,831,714
Other assets	–	–	–	–	(6,951)	(691,283)	(6,951)	(691,283)
Liabilities								
Trade payables and accrued expenses	1,122,234	111,611,788	1,761,564	175,196,356	55,907	5,560,194	2,939,705	292,368,338
Contract Liability	–	–	572,886	56,976,328	–	–	572,886	56,976,328
Unearned Sales	–	–	1,794	178,447	–	–	1,794	178,447
Other liabilities	–	–	–	–	10,084	1,002,917	10,084	1,002,917
Net assets/liabilities	593,279	59,004,558	1,625,333	161,647,540	686,365	68,262,435	2,904,977	288,914,533

* Others include currencies such as Singapore- $ (SGD), Czech Republic- Koruna (CZK), Switzerland- Franc (CHF), Turkey-Lira (TRY), Hungary- Forint (HUF)

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the functional currencies of the Company.

For the year ended March 31, 2023 and 2022 respectively, every 1% appreciation/depreciation of the respective foreign currencies compared to functional currency of the Company would increase/ decrease operating margins by £62,816 and £29,050, respectively.

12. Income tax expense

Income tax expense in the statement of income consists of:

	Year ended March 31,			
	2023 £	2023 ₹ Unaudited	2022 £	2022 ₹ Unaudited
Current taxes				
UK Corporation tax on profits of the year	238,387	24,231,450	195,817	19,474,940
Adjustment in respect of previous years	(42,349)	(4,304,670)	(106,008)	(10,543,006)
Total	196,038	19,926,780	89,809	8,931,934
Deferred taxes				
Origination and reversal of timing differences	(8,904)	(905,069)	17,964	1,786,649
Total	(8,904)	(905,069)	17,964	1,786,649
Grand Total	187,134	19,021,711	107,773	10,718,583

Notes to the financial statements (Contd.)

The reconciliation between the provision of corporation tax of the Company and amounts computed by applying the standard rate of UK corporation tax to profit before taxes is as follows:

	Year ended March 31,			
	2023	2023	2022	2022
	£	₹	£	₹
		Unaudited		Unaudited
Profit before income tax	1,638,008	166,499,425	895,091	89,021,344
Profit multiplied by rate of tax	311,221	31,634,928	170,067	16,914,052
Expenses not deductible for tax purposes	8,658	880,064	24,983	2,484,618
Movement in capital allowances, foreign tax credit etc.	(6,734)	(684,578)	767	76,270
Tax credit on group share based payments	(74,758)	(7,598,964)	–	–
Adjustment in respect of previous years	(42,349)	(4,304,670)	(106,008)	(10,543,006)
Deferred tax	(8,904)	(905,069)	17,964	1,786,649
Total tax expense	**187,134**	**19,021,711**	**107,773**	**10,718,583**

The standard rates of UK corporation tax, for the year ended March 31, 2023 and March 31, 2022 are 19% and 19% respectively. In his budget of 2021, the Chancellor of Exchequer proposed to increase the standard rate of corporation tax from the current 19% to 25% for companies with profits over £250,000, but to remain at 19% for companies with profits of not more than £50,000 effective 1st April 2023. The change was substantively enacted on 24th May 2021, which was before the balance sheet date, and therefore, impacts the value of deferred tax assets and liabilities in these financial statements. Since the company expects to generate profits over £250,000 in future years, the rate of 25% has been used to calculate deferred tax assets and liabilities as at 31st March 2023.(2022: 19%)

Changes in tax rates and factors affecting the future tax charge

The components of deferred tax liability are as follows:

	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Property, Plant and Equipment	(41,608)	(4,229,309)	(50,167)	(4,989,420)
Provision	3,087	313,745	2,742	272,727
Net deferred tax liability	(38,521)	(3,915,564)	(47,425)	(4,716,693)

The deferred tax included in the Balance Sheet is as follows:

	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Deferred tax liability	(38,521)	(3,915,564)	(47,425)	(4,716,693)
Balance brought forward	(47,425)	(4,820,633)	(29,461)	(2,930,044)
Profit and loss account movement arising during the year	8,904	905,069	(17,964)	(1,786,649)
Total deferred tax liability	(38,521)	(3,915,564)	(47,425)	(4,716,693)

For simplicity, the brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.

13. Equity

a) *Share capital*

The company has only one class of equity shares. The authorized share capital of the Company is 1,629,700 (2022: 1,629,700) equity shares of £1 each. Par value of the equity shares is recorded as share capital and each equity share carries the same voting rights.

The Issued, subscribed and paid-up capital of the Company is 685,815 (2022: 685,815) equity shares of £1 each amounting to £685,815 (2022: £685,815).

All equity shares are held by ITC Infotech India Limited, the Holding Company. The company has only one class of shares referred to as equity shares having a par value of £1, rank pari passu in all respects including entitlement to dividend. No new equity shares have been issued during the year.

The Company declares and pays dividends in GBP/EURO/USD.

b) *Retained earnings*

Retained earnings comprises of the Company's prior years' undistributed earnings after taxes.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Total equity attributable to the equity share holders of the company	8,812,938	895,813,028	7,362,064	732,194,012
As percentage of total capital	100%	100%	100%	100%
Total capital	**8,812,938**	**895,813,028**	7,362,064	732,194,012

The Company is equity financed which is evident from the capital structure table.

Notes to the financial statements (Contd.)

14. Revenue

The Company derives revenue primarily from delivery of IT services. The Company recognises revenue when the significant terms of the arrangement are enforceable, services have been delivered and collectability is reasonably assured. An analysis of turnover is given below:

	Year ended March 31,			
	2023	2023	2022	2022
	£	₹	£	₹
Country		Unaudited		Unaudited
United Kingdom	22,009,190	2,237,179,119	33,124,840	3,294,430,962
Rest of the Europe	7,144,999	726,271,286	5,740,680	570,939,329
Singapore	923,735	93,895,361	574,365	57,123,461
Others	223,766	22,745,254	580,468	57,730,479
Total	30,301,690	3,080,091,021	40,020,353	3,980,224,231

15. Expenses by nature

	Year ended March 31,			
	2023	2023	2022	2022
	£	₹	£	₹
		Unaudited		Unaudited
Employee benefits	11,809,688	1,200,425,297	14,120,595	1,404,363,774
Sub-contractor charges/Outsourced charges	14,300,654	1,453,625,760	23,420,910	2,329,326,568
Travel and conveyance	756,672	76,913,758	487,230	48,457,470
Sales & Marketing expenses	71,337	7,251,238	47,386	4,712,739
Staff welfare	137,726	13,999,472	122,749	12,207,963
Legal, Professional and Consultancy Expenses	398,982	40,555,515	258,427	25,701,827
Communication expenses	38,854	3,949,397	37,852	3,764,563
Lease rentals/charges	71,618	7,279,816	76,329	7,591,360
Recruitment	29,301	2,978,325	177,877	17,690,817
Audit Fees	55,478	5,639,228	54,155	5,385,949
Depreciation charges	137,613	13,988,007	142,240	14,146,450
Amortisation/Impairment charges	610,500	62,055,777	–	–
Others	319,894	32,516,473	298,032	29,640,827
Total cost of sales, selling, general and administrative expenses	28,738,317	2,921,178,063	39,243,782	3,902,990,307

The total cost of sales, selling, general and administrative expenses in the table above includes £23,828,098 (2022: £35,597,912) towards cost of sales and £4,910,219 (2022: £3,645,870) towards selling, general and administrative expenses. Depreciation charges above include depreciation on Property, Plant and Equipment (refer Note 4) and depreciation on ROU assets (refer Note 18).

<u>Cost of Sales</u>

Cost of Sales primarily include employee compensation of personnel engaged in providing services, travel expenses, employee allowances, payroll related taxes, fees to external consultants engaged in providing services, communication costs and other project related expenses.

<u>Selling, general and administrative expenses</u>

Selling costs primarily include employee compensation for sales and marketing personnel, travel costs, advertising, business promotion expenses, allowances for delinquent receivables and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortization of non-production equipment and software, facility expenses for administrative offices, communication costs, fees to external consultants and other general expenses.

All fees paid or payable to the auditors of the company related to the statutory audit of the company for the year ended 31st March 2023. There were no non-audit services received from the auditors during the year

16. Employee benefits

The average monthly number of staff employed by the Company during the financial year amounted to :

	2023	2022
By Activity	No	No
Delivery	99	171
Marketing	12	11
Administration	8	9
	119	191

Employee benefits include:

	Year ended March 31,			
	2023	2023	2022	2022
	£	₹	£	₹
		Unaudited		Unaudited
Wages and salaries	10,405,519	1,057,695,028	12,522,362	1,245,411,550
Social security costs	1,404,169	142,730,269	1,598,233	158,952,224
Total	11,809,688	1,200,425,297	14,120,595	1,404,363,774

An amount of £1,404,169 (2022: £1,598,233) has been recognised as an expense for the defined contribution plan.

The employee benefit cost is recognised in the following line items in the statement of income:

	Year ended March 31,			
	2023	2023	2022	2022
	£	₹	£	₹
		Unaudited		Unaudited
Cost of sales	7,963,034	809,422,543	11,410,408	1,134,822,168
Selling, general and administrative expenses	3,846,654	391,002,754	2,710,187	269,541,606
Total	11,809,688	1,200,425,297	14,120,595	1,404,363,774

Notes to the financial statements (Contd.)

17. Finance and other income

	Year ended March 31, 2023 £	2023 ₹ Unaudited	2022 £	2022 ₹ Unaudited
Interest Income	33,748	3,430,382	3,517	349,807
Others	468	47,571	–	–
Total	34,216	3,477,953	3,517	349,807

18. Leases

In relation to leases under IFRS 16, the group has recognised depreciation and interest costs as per the table below.

Right of Use Asset	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Right of Use Asset - Buildings	373,328	37,947,858	373,328	37,129,336
Less: Accumulated Depreciation	(314,382)	(31,956,119)	(235,786)	(23,450,127)
Right of Use Asset Net	58,946	5,991,739	137,542	13,679,209

	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Lease Liability				
Opening Lease Liability	150,735	15,321,860	234,084	23,280,873
Add: Interest Cost on the Leases	2,222	225,950	3,904	388,268
Less: Lease Payments	(87,274)	(8,871,204)	(87,253)	(8,677,747)
Closing Lease Liability	65,683	6,676,606	150,735	14,991,394

The total cash outflow for leases for the year is £142,187 (including payments in respect short-term leases of £54,934 and lease of low value of assets NIL). The undiscounted potential future cash outflows amount to £392,648.

19. Contract Asset (Capitalized Cost) and Contract Liability

	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Contract Asset (capitalized cost)				
Opening Contract Asset (capitalized cost)	1,129,603	114,821,309	1,122,923	111,680,278
Less: Amortisation/Impairment charges	(610,500)	(62,055,769)	(12,389)	(1,232,131)
Add: Forex Reinstatement	87,346	8,878,503	19,069	1,896,507
Closing Contract Asset (capitalized cost)	606,449	61,644,043	1,129,603	112,344,654
- Current	–	–	146,912	14,611,111
- Non Current	606,449	61,644,043	982,691	97,733,543
	606,449	61,644,043	1,129,603	112,344,654

	As at 31 March 2023 £	As at 31 March 2023 ₹ Unaudited	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited
Contract Liability				
Opening Contract Liability	856,654	87,076,708	1,122,923	111,680,278
Less: Payments	–	–	(283,768)	(28,222,146)
Add: Forex Reinstatement	53,020	5,389,398	17,499	1,740,362
Closing Contract Liability	909,674	92,466,106	856,654	85,198,494
- Current	909,674	92,466,106	283,768	28,222,146
- Non Current	–	–	572,886	56,976,348
	909,674	92,466,106	856,654	85,198,494

Due to changes in the economic environment, and the changing banking landscape, we have calibrated expected returns compared to the projections considered at the time of entering the original agreement, resulting in downward assessment in the contract asset (capitalized cost) value which has been included as Amortisation/Impairment charges above. The value of the contract asset (capitalized cost) will be assessed at future reporting period ends to cognize for any change in expected return from the agreement.

20. Related party relationships and transactions

Name of related party

i) **Ultimate Parent Company:**
ITC Limited, Virginia House, 37 J. L. Nehru Road, Kolkata – 700071, India

ii) **Immediate Parent Company:**
ITC Infotech India Limited, Virginia House, 37 J. L. Nehru Road, Kolkata – 700071, India

iii) **Other Related Parties With Whom The Company Had Transactions.**
Subsidiaries of Immediate Parent Company:
ITC Infotech (USA), Inc.
Indivate Inc.

Notes to the financial statements (Contd.)

Transactions with the above related parties during the year were:

	Holding Company				Fellow Subsidiaries			
	For the year ended / As at 31 March 2023 £	For the year ended / As at 31 March 2023 ₹ Unaudited	For the year ended / As at 31 March 2022 £	For the year ended / As at 31 March 2022 ₹ Unaudited	For the year ended / As at 31 March 2023 £	For the year ended / As at 31 March 2023 ₹ Unaudited	For the year ended / As at 31 March 2022 £	For the year ended / As at 31 March 2022 ₹ Unaudited
Sale of goods/Services	–	–	–	–	28,202	2,866,704	53,926	5,363,253
Reimbursement of Expenses	75,447	7,668,979	42,833	4,259,971	–	–	–	–
Purchase of goods/Services	12,005,735	1,220,352,948	21,440,981	2,132,412,797	–	–	–	–
Balance as on 31st March								
Trade receivables	29,384	2,986,830	12,441	1,237,274	–	–	–	–
Trade payables	(161,646)	(16,430,912)	3,356,446	333,815,368	–	–	–	–

Key Managerial Personnel:

Non-Executive Directors

S. Puri	Chairman
S. Sivakumar	Vice Chairman
R. Singhi (appointed w.e.f. 21st July 2022)	Director
S. Singh	Director
S. Dutta (appointed w.e.f. 21st July 2022)	Director
B.B.Chatterjee (ceased to be Director w.e.f. 20th July 2022)	Director
R. Tandon (ceased to be Director w.e.f. 21st July 2022)	Director

Others

A. Roy	President

Transactions with key management personnel are as given below:

Key management personnel comprise directors and president of the Company. Particulars of compensation of the key management personnel during the year ended March 31, 2023, and March 31, 2022 have been detailed below:

	Year ended March 31,			
	2023 £	2023 ₹ Unaudited	2022 £	2022 ₹ Unaudited
President:				
Short term benefits	611,222	62,129,219	591,384	58,816,049

None of the directors received any emoluments for their services to the company, nor were any amounts recharged by or payable to any other organization or company for the directors' services to the company.

21. Ultimate parent company and immediate parent company

The immediate parent undertaking is ITC Infotech India Limited, with its registered office at 37 J. L. Nehru Road, Kolkata - 700071, India and is a wholly owned subsidiary of ITC Limited. This is the smallest group of undertakings for which consolidated financial statements are being drawn up including this company.

The ultimate parent undertaking and controlling related party is ITC Limited, which is incorporated in India. This is the largest group of undertakings for which consolidated financial statements are being drawn up including this company. Copies of ITC Limited consolidated financial statements can be obtained from the Company Secretary at 37 J. L. Nehru Road, Kolkata - 700071, India.

MANAGEMENT REPORT

The Administrators of the Company submit their First Report together with the Audited Financial Statements for the period from 10th October, 2022, being the date of incorporation of the Company, to 31st March, 2023.

Incorporation

The Company was incorporated on 10th October, 2022 in the State of São Paulo, Brazil. The Company's capital is fully owned and held by ITC Infotech India Limited.

Principal Activities

The Company is engaged in providing Information Technology Services and Solutions.

Financial Results

(BRL '000)

Period Ended March 31,	2023
Total Revenue	1373.06
Operating Income / (Loss)	169.21
Profit / (Loss) After Tax	117.68

Profits (Losses) Allocation

The Administrators recommend the retention of profit earned for the period ended 31st March, 2023, in order to meet the Company's annual budget and for growth of the Company.

Management

Mr. Mauricio Dias Junior and Mr. Caio Kozakevic Mattar, both resident and domiciled in Brazil, have been appointed as the first Administrators of the Company.

Auditors

The Company is not required to audit its Financial Statements for the period ended 31st March, 2023 as per local laws. However, as a measure of good governance, the Company has engaged Messrs. Deloitte Haskins & Sells LLP, India, as the Auditors for the period under review. Their Report is annexed to the Financial Statements of the Company.

On behalf of ITC Infotech Do Brasil LTDA.

Mauricio Dias Junior
Administrator

Date: 2nd May, 2023

INDEPENDENT AUDITOR'S REPORT

To The Management Committee of
ITC Infotech DO Brasil LTDA.

Report on the Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of ITC Infotech DO Brasil LTDA. ("the Company"), which comprise the Special Purpose Balance Sheet as at March 31, 2023, the Special Purpose Statement of Profit and Loss, the Special Purpose Statement of Changes in Equity and the Special Purpose Cash Flow Statement for the period October 10, 2022 till March 31, 2023, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Special Purpose Financial Statements"). The Special Purpose Financial Statements are prepared for inclusion in the annual report of the Ultimate Holding Company ITC Limited under the requirements of section 129(3) of the Companies Act, 2013.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements are prepared, in all material respects, in accordance with the basis of preparation set out in Note 1(a) to the Special Purpose Financial Statements.

Basis for Opinion

We conducted our audit of the Special Purpose Financial Statements in accordance with the Standards on Auditing (the "SAs") issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI and we have fulfilled our ethical responsibilities in accordance with the requirements of the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Financial Statements.

Emphasis of Matter

Basis of preparation and restriction on distribution and use

We draw attention to Note 1(a) to the Special Purpose Financial Statements, which describes the purpose and basis of preparation. The Special Purpose Financial Statements have been prepared by the Company for the purpose of the information and use of the Company's management. The Special Purpose Financial Statements may not be suitable for any another purpose. Our report is intended solely for the information and use of the Management Committee and management of ITC Infotech Do Brasil LTDA. and its group companies and is not intended to be and should not be referred to or used by any other party or for any other purpose except with our prior consent in writing. We neither accept nor assume any duty, responsibility or liability to any other party or for any other purpose.

Our report is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements

The Company's Management Committee are responsible for the preparation of these Special Purpose Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the basis described in Note 1(a) to the Special Purpose Financial Statements.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, the Company's Management Committee 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 SAs 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 Special Purpose Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose 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 financial 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 management.
- Conclude on the appropriateness of management's 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 Special Purpose 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 Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Special Purpose Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Special Purpose Financial Statements.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration No: 117366W/W-100018

Girish Bagri
Partner
Membership No. 066572
UDIN: 23066572BGXZLO9496

Place: Bengaluru
Date: May 2, 2023

SPECIAL PURPOSE BALANCE SHEET AS AT 31ST MARCH, 2023

	Note No.	As at 31st March 2023 (BRL)	As at 31st March 2023 (INR) (Unaudited)
I ASSETS			
1 Non-current Assets			
(a) Deferred Tax Assets (Net)	4	131,760	2,125,183
Sub-Total		**131,760**	**2,125,183**
2 Current Assets			
(a) Financial Assets			
(i) Cash and Cash Equivalents	2	1,656,995	26,726,004
(ii) Others	3	1,610,077	25,969,254
(b) Other Current Assets	5	44,434	716,686
Sub-Total		**3,311,506**	**53,411,944**
TOTAL		**3,443,266**	**55,537,127**
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	6	2,600,000	41,935,920
(b) Other Equity		117,681	1,898,100
		2,717,681	**43,834,020**
2 Non-current Liabilities			
(a) Financial Liabilities			
(ii) Others	7	80,162	1,292,949
Sub-Total		**80,162**	**1,292,949**
3 Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payable and Accrued expenses	8	37,512	605,039
(ii) Others	9	295,401	4,764,582
(b) Other Current Liabilities	11	101,328	1,634,340
(c) Provisions	10	211,182	3,406,197
Sub-Total		**645,423**	**10,410,158**
TOTAL		**3,443,266**	**55,537,127**

The accompanying notes 1 to 21 are an integral part of the Special purpose Financial Statements.

This is the Special Purpose Balance Sheet referred to in our Report of even date
For Deloitte Haskins & Sells LLP,
Firm Registration Number: 117366 W/W-100018
Chartered Accountants

Girish Bagri
Partner
Membership Number: 066572
Place: Bengaluru
Date: 2nd May, 2023

On behalf of the Company

Mauricio Dias
Administrator

Soumyarup Roy
Management Committee Member

SPECIAL PURPOSE STATEMENT OF PROFIT AND LOSS*

* For the period 10th October 2022 to 31st March 2023

		Note No.	For the period ended 31st March 2023 (BRL)	For the period ended 31st March 2023 (INR) (Unaudited)
I	Revenue from Operations	12	1,373,055	22,146,279
II	**Total Income**		**1,373,055**	**22,146,279**
III	Expenses			
	Employee Benefits Expense	13	1,027,261	16,568,899
	Other Expenses	14	176,580	2,848,094
	Total Expenses		**1,203,841**	**19,416,993**
IV	**Profit Before Tax (II-III)**		**169,214**	**2,729,286**
V	**Tax Expenses**	15		
	Current Tax		183,293	2,956,369
	Deferred Tax (Credit)		(131,760)	(2,125,183)
			51,533	831,186
VI	**Profit for the Period (VI-V)**		**117,681**	**1,898,100**
VII	Earnings Per Share (Face value BRL 1 each) (Basic and diluted)	16	0.10	1.55

There were no items of comprehensive income in the current period, and accordingly, no statement of comprehensive Income is presented.

The accompanying notes 1 to 21 are an integral part of the Special purpose Financial Statements.

This is the Special Purpose Statement of Profit and Loss referred to in our Report of even date

For Deloitte Haskins & Sells LLP,
Firm Registration Number: 117366 W/W-100018
Chartered Accountants

Girish Bagri
Partner
Membership Number: 066572
Place: Bengaluru
Date: 2nd May, 2023

On behalf of the Company

Mauricio Dias
Administrator

Soumyarup Roy
Management Committee Member

SPECIAL PURPOSE STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2023*

*For the period 10th October 2022 to 31st March 2023

A. Equity Share Capital

Opening Balance (BRL)	Changes in Equity Share Capital during the year	Balance at 31st March, 2023 (BRL)	Balance at 31st March, 2023 (INR)
–	2,600,000	**2,600,000**	**41,935,920**

B. Other Equity

	Retained Earning	Total (BRL)	Total (INR)
Balance as at 1st April, 2022	–	–	–
Profit for the Period	117,681	117,681	1,898,100
Total Comprehensive Income	**117,681**	**117,681**	**1,898,100**
Balance as at 31st March, 2023	**117,681**	**117,681**	**1,898,100**

Retained Earnings: This represents the cumulative profits of the Company.
The accompanying notes 1 to 21 are an integral part of the Special purpose Financial Statements.
This is the Special Purpose Statement of Changes in Equity referred to in our Report of even date.

For Deloitte Haskins & Sells LLP,
Firm Registration Number: 117366 W/W-100018
Chartered Accountants

Girish Bagri
Partner
Membership Number: 066572
Place: Bengaluru
Date: 2nd May, 2023

On behalf of the Company

Mauricio Dias
Administrator

Soumyarup Roy
Management Committee Member

SPECIAL PURPOSE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2023*

*For the period 10th October 2022 to 31st March 2023

			For the period ended 31st March 2023 (BRL)		For the period ended 31st March 2023 (INR)
A	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	PROFIT BEFORE TAX		169,214		2,729,286
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		169,214		**2,729,286**
	ADJUSTMENTS FOR :				
	Other Assets	(1,654,511)		(26,685,939)	
	Trade Payables, Other Liabilities and Provisions	542,292	(1,112,219)	8,746,737	(17,939,202)
	CASH FROM OPERATIONS		(943,005)		(15,209,916)
	Income Tax Paid		-		-
	NET CASH FROM/ (USED) IN OPERATING ACTIVITIES		**(943,005)**		**(15,209,916)**
B	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES		-		-
C	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Capital infusion from Parent	2,600,000		41,935,920	
	NET CASH USED IN FINANCING ACTIVITIES		**2,600,000**		**41,935,920**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,656,995		26,726,004
	OPENING CASH AND CASH EQUIVALENTS		-		-
	CLOSING CASH AND CASH EQUIVALENTS		**1,656,995**		**26,726,004**
	CASH AND CASH EQUIVALENTS COMPRISE :				
	Cash and Cash Equivalents as above	1,656,995		26,726,004	
	Unrealised (Loss) / Gain on Foreign Currency				
	Cash and Cash Equivalents	-		-	
	Cash and Cash Equivalents (Refer Note 2)		1,656,995		26,726,004

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 "Statement of Cash Flows".

The accompanying notes 1 to 21 are an integral part of the Special purpose Financial Statements

This is the Special Purpose Cash Flow Statements referred to in our Report of even date

For Deloitte Haskins & Sells LLP,
Firm Registration Number: 117366 W/W-100018
Chartered Accountants

Girish Bagri
Partner
Membership Number: 066572
Place: Bengaluru
Date: 2nd May, 2023

On behalf of the Company

Mauricio Dias
Administrator

Soumyarup Roy
Management Committee Member

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

NATURE OF OPERATIONS

ITC Infotech DO Brasil LTDA (the "Company"), a company incorporated in Brazil, is engaged in providing information technology services. The Company is a wholly-owned subsidiary of ITC Infotech India Limited., an Indian company. There are 2,600,000 common shares authorized and issued to ITC Infotech India Ltd.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation and statement of compliance

These Special Purpose Financial Statements comprising the Special Purpose Balance Sheet as at 31st March, 2023 and Special Purpose Statement of Profit and Loss, Special Purpose Statement of Changes in Equity and Special Purpose Cash Flow statement for the period 10th October, 2022 till 31st March, 2023 and a summary of significant accounting policies and other explanatory information (together referred to as "Special Purpose Financial Statements" are prepared for inclusion in the annual report of the Ultimate Holding Company (ITC Limited) under the requirements of section 129(3) of the Companies Act, 2013*. The financial performance and position of the Company are included in the consolidated financial statements of the Holding Company, ITC Infotech India Limited, incorporated under the Companies Act, 2013, and having its registered office 37 J. L. Nehru Road, Kolkata 700071, India.

These Special Purpose Financial Statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") and generally accepted accounting principles in India. Accordingly, these Special Purpose financial statements do not purport to follow Brazil GAAP.

These Special Purpose Financial Statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured as fair value as required by the relevant Ind AS and explained in the accounting policy on financial instruments classified as fair value through profit or loss.

Since it is a newly established company incorporated on 10th October, 2022, Accounting policies have been applied consistently throughout the period presented in these Special Purpose Financial Statements. Disclosures have been given which are relevant to and materially affect the company's financial position, and financial performance of the Company. Accordingly, financial information for comparative period is not presented.

* Companies Act, 2013 refers to the Companies Act, 2013 of India

(b) Convenience Translation (unaudited)

These Special Purpose financial statements are presented in Brazilian Real. However, as required by the parent company ITC Infotech India Ltd., the Indian Rupee equivalent figures, arrived at by applying the average interbank exchange rate of BRL= INR 16.1292 for period ended 31st March, 2023 as provided by ITC Infotech India Ltd, have been included solely for informational purposes and is not in conformity with the provisions of Ind AS.

(c) Use of Estimates and Judgment

The preparation of the Special Purpose financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in Income taxes note.

(d) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Ind AS 1 – Presentation of Financial Statements based on the nature of services rendered and their realization in cash and cash equivalents.

(e) Foreign Currency Transactions

The presentation & functional currency of the Company is Brazilian Real being the currency of the primary economic environment in which the entity operates. The factors considered include the following:

a. Currency that influences sales prices for goods and services and is of a country whose competitive forces and regulations determine the sales prices of its goods and services.

b. Currency that influences labor, material and other costs of providing goods or services.

c. Currency in which funds from financing activities are generated and

d. Currency in which receipts from operating activities are usually retained.

(f) Financial instruments, Financial assets and Financial liabilities

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include advances and cash and cash equivalents. Such assets are initially recognized when the Company becomes party to contractual obligations at fair value including transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortized cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income, where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealized gains and losses arising from changes in the fair value being recognized in other comprehensive income.

(c) fair value through profit or loss, where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealized gains and losses arising from changes in the fair value being recognized in the Statement of Profit and Loss in the period in which they arise.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) held at amortized cost and financial assets that are measured at fair value through other comprehensive income are impaired based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognized if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortized cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognized gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortized cost, the gain or loss is recognized in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition on Financial Assets: Interest income is recognized in the Statement of Profit and Loss using the effective interest method.

Financial Liabilities

Trade payables and other financial liabilities are initially recognized at the value of the respective contractual obligations. They are subsequently measured at amortized cost. Any discount or premium on redemption / settlement is recognized in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet. Financial liabilities are derecognized when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(g) Revenue from Sale of Products and Services

The Company is engaged in providing information technology services to enterprise clients. The Company derives its revenues primarily from Information Technology (IT) services.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, by the parties, to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the cost plus a margin.

(h) Employee Benefits

The Company maintains a Supplemental Pension Plan for employees. Employees may contribute an amount not exceeding 5.42% of their base salary. The Company makes a matching contribution equal to 100% of the employee's contribution. The Pension expense for the years ended March 31, 2023 was BRL 14,724 (INR 237,493).

(i) Taxes on Income

Taxes on income comprises current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

(j) Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee (MC). The Company is currently operating in a single segment i.e., Information Technology.

(k) Provisions

Provisions are recognized when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognized is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

(l) Statement of Cash Flow

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash from operating, investing and financing activities of the Company are segregated.

(m) New Accounting Pronouncements

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

Ind AS 1, 'Presentation of Financial Statements' - The amendments require companies to disclose their material accounting policies rather than their significant accounting policies.

Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – This amendment has introduced a definition of 'accounting estimates' and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.

Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these amendments.

2. CURRENT ASSETS: FINANCIAL ASSETS – CASH AND CASH EQUIVALENTS

	As at 31st Mar, 2023 (BRL)	As at 31st Mar, 2023 (INR) (Unaudited)
Balances with Banks:		
Current Accounts	1,656,995	26,726,004
Total	**1,656,995**	**26,726,004**

3. CURRENT ASSETS: FINANCIAL ASSETS – OTHERS

	As at 31st Mar, 2023 (BRL)	As at 31st Mar, 2023 (INR) (Unaudited)
Unsecured Considered Good, Unless Otherwise Stated		
Unbilled Revenue	1,373,055	22,146,279
Advances (includes advance to employees)		
- Considered Good	237,022	3,822,975
Total	**1,610,077**	**25,969,254**

4. DEFERRED TAX ASSETS

	Opening Balance (BRL)	Recognized in Statement of profit or loss (BRL)	Recognized in OCI (BRL)	Closing Balance (BRL)	Closing Balance (INR) (Unaudited)
FY 2022-23 **Deferred Tax Assets:** On provision for employees' separation and retirement, etc.	–	131,760	–	131,760	2,125,183
Total Deferred Tax Assets	–	**131,760**	–	**131,760**	**2,125,183**

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

	Opening Balance (BRL)	Recognized in Statement of profit or loss (BRL)	Recognized in OCI (BRL)	Closing Balance (BRL)	Closing Balance (INR) (Unaudited)
Deferred Tax Liabilities: Total Deferred Tax Liabilities	-	-	-	-	-
Deferred Tax Assets (Net)	-	131,760	-	131,760	2,125,183

5. OTHER CURRENT ASSETS

	As at 31st Mar, 2023 (BRL)	As at 31st Mar, 2023 (INR) (Unaudited)
Prepaid expenses	44,434	716,686
Total	**44,434**	**716,686**

6. EQUITY SHARE CAPITAL

	As at 31st Mar, 2023 (BRL)	As at 31st Mar, 2023 (INR) (Unaudited)
Authorized:		
2,600,000 Equity Shares of BRL 1 each	2,600,000	41,935,920
Issued and subscribed:		
2,600,000 Equity Shares of BRL 1 each, fully paid (All equity shares are held by ITC Infotech India Ltd., the Holding Company. The equity shares of the company, having par value of BRL 1 each per share, rank pari passu in all respects including entitlement to Dividend)	2,600,000	41,935,920
Total	**2,600,000**	**41,935,920**

SHARES HELD BY PROMOTERS:

Particulars	Promoter Name	As at 31st March 2023		
		No. of shares as at end of the year	% of Total Shares	% change during the year
Equity shares of BRL 1 each, fully paid	ITC Infotech India Ltd.	2,600,000	100%	100%

7. NON-CURRENT FINANCIAL LIABILITIES – OTHERS

	As at 31st Mar, 2023 (BRL)	As at 31st Mar, 2023 (INR) (Unaudited)
Employee Payable	80,162	1,292,949
Total	**80,162**	1,292,949

8. FINANCIAL LIABILITIES – TRADE PAYABLES

Trade Payable as at 31st March, 2023	Particulars Outstanding for following periods							
	Not Due	Accrued	Less than 6 months	6 months -1 year	1-2 years	2-3 years	Total (BRL)	Total (INR) (Unaudited
Others	-	37,512	-	-	-	-	37,512	605,039
Total	-	37,512	-	-	-	-	37,512	605,039

9. CURRENT FINANCIAL LIABILITIES - OTHERS

	As at 31st Mar, 2023 (BRL)	As at 31st Mar, 2023 (INR) (Unaudited)
Employee Payable	295,401	4,764,582
Total	**295,401**	**4,764,582**

10. PROVISIONS

	As at 31st Mar, 2023 (BRL)	As at 31st Mar, 2023 (INR) (Unaudited)
Current		
Provision for Income Tax	183,293	2,956,369
Provision for Employee Benefits		
Social Contributions	14,724	237,486
Compensated Absences	13,165	212,342
Total	**211,182**	**3,406,197**

11. OTHER CURRENT LIABILITIES

	As at 31st Mar, 2023 (BRL)	As at 31st Mar, 2023 (INR) (Unaudited)
Statutory Dues	101,328	1,634,340
Total	**101,328**	**1,634,340**

12. REVENUE FROM OPERATIONS

	For the Period ended 31st March'23 (BRL)	For the Period ended 31st March'23 (INR) (Unaudited)
Sale of Services		
Exports	1,373,055	22,146,279
Total	**1,373,055**	**22,146,279**

Income from services rendered to group companies are recognized based on cost plus mark-up in accordance with the terms of the respective agreements.

13. EMPLOYEE BENEFITS

	For the Period ended 31st March'23 (BRL)	For the Period ended 31st March'23 (INR) (Unaudited)
EMPLOYEE BENEFITS EXPENSE		
Salaries and Bonus	790,002	12,742,100
Contribution to Provident and Other Funds	224,210	3,616,329
Staff Welfare Expenses	13,049	210,470
Total	**1,027,261**	**16,568,899**

14. OTHER EXPENSES

	For the Period ended 31st March'23 (BRL)	For the Period ended 31st March'23 (INR) (Unaudited)
OTHER EXPENSES		
Rates and Taxes	9,880	159,356
Insurance	119,889	1,933,714
Communication	2,250	36,291
Legal, Professional and Consultancy Expenses	12,686	204,615
Auditors' Remuneration and Expenses	31,000	500,005
Bank Charges	875	14,113
Total	**176,580**	**2,848,094**

15. A. TAX EXPENSES

	For the Period ended 31st March'23 (BRL)	For the Period ended 31st March'23 (INR) (Unaudited)
Current Tax	183,293	2,956,369
	183,293	2,956,369
Deferred Tax (Credit)	(131,760)	(2,125,183)
Total	**51,533**	**831,186**

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

B. The reconciliation between the income tax expenses and amounts computed by applying the standard rate of income tax to profit before taxes is as follows:

	For the Period ended 31st March'23 (BRL)	For the Period ended 31st March'23 (INR) (Unaudited)
Profit before tax	169,214	2,729,286
Income tax expense calculated at 15% on Profit before tax	25,382	409,389
Social Contribution on Profit before Tax at 9%	15,230	245,646
Surtax of Income tax at 10% on profit before tax above BRL 60,000	10,921	176,151
Income Tax expenses recognized in Statement of Profit and Loss	**51,533**	**831,186**

16. EARNINGS PER SHARE

		For the Period ended 31st March'23 (BRL)	For the Period ended 31st March'23 (INR) (Unaudited)
Profit after Tax		117,681	1,898,100
Weighted average number of Equity Shares	No.	1,225,205	1,225,205
Earnings Per Share (Face value of BRL 1 per share) (Basic and Diluted)		**0.10**	**1.55**

17. CATEGORIES OF FINANCIAL INSTRUMENTS

	As at 31st March'23 (BRL)		As at 31st March'23 (INR) (Unaudited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Measured at amortized cost				
Cash and Cash Equivalents	1,656,995	1,656,995	26,726,004	26,726,004
Other Financial Assets	1,610,077	1,610,077	25,969,254	25,969,254
Total	**3,267,072**	**3,267,072**	**52,695,258**	**52,695,258**
Financial Liabilities				
Measured at amortized cost				
Trade Payables	37,512	37,512	605,039	605,039
Other Financial Liabilities – Non-Current	80,162	80,162	1,292,949	1,292,949
Other Financial Liabilities - Current	295,401	295,401	4,764,582	4,764,582
Total	**413,075**	**413,075**	**6,662,570**	**6,662,570**

18. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company has a system - based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as foreign currency risk, credit risk and liquidity risk) that may arise as a consequence of its business operations.

i. Market Risk

The Company has in place appropriate risk management policies to limit the impact of currency, interest and price risk on its financial performance.

ii. Foreign Currency Risk

The Company undertakes transactions denominated in functional currency – Brazilian Real

iii. Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As all the financial assets and liabilities of the Company are non-interest bearing, the Company's net exposure to interest risk is nil.

iv. Price Risk

Since all the funds are kept in the bank account there is no price risk on such surplus funds.

v. Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due.

The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

	As at 31st March, 2023 Contractual Cash flows*							
	Carrying value	Less than 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year up to 3 years	Beyond 3 years	Total (BRL)	Total (INR) (Unaudited)
Trade Payables	37,512	37,512	-	-	-	-	37,512	605,039
Other Financial Liabilities	375,563	236,692	-	58,709	80,162	-	375,563	6,057,531
Total	**413,075**	**274,204**	**-**	**58,709**	**80,162**	**-**	**413,075**	**6,662,570**

vi. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. During the FY and as at the reporting period there is no external risk as there is no revenue from any external customers.

19. RELATED PARTY DISCLOSURES

(i) Ultimate Holding Company:

ITC Limited

(ii) Holding Company:

ITC Infotech India Limited

(iii) Fellow Subsidiary Companies:

ITC Infotech Limited

ITC Infotech (USA), Inc. and its wholly owned subsidiary Indivate Inc.

ITC Infotech Malaysia SDN. BHD.

ITC Infotech GmbH

ITC Infotech France SAS

(iv) Key Management Personnel

Administrators

Mr. Mauricio Dias

Mr. Caio Matter

Disclosure of transactions between the Company and Related Parties:

(v) Holding Company - ITC Infotech India Ltd. (w.e.f from 10th October, 2022)

Description	Holding Company	
	For the period ended 31st March'23 (BRL)	For the period ended 31st March'23 (INR) (Unaudited)
Sale of Services	1,373,055	22,146,279

(vi) Disclosure of Outstanding Balances as at 31st March, 2023

Description	Holding Company	
	For the period ended 31st March'23 (BRL)	For the period ended 31st March'23 (INR) (Unaudited)
Financial Assets - Others (Unbilled)	1,373,055	22,146,279

(vii) Information regarding significant transactions

(Generally in excess of 10% of the total transaction value of the same type)

Related Party Transactions	2023 (BRL)	2023 (INR) (Unaudited)	Related Party Transactions	2023 (BRL)	2023 (INR) (Unaudited)
Sale of Goods / Services			Remuneration to Key Management Personnel (KMP)		
ITC Infotech India Limited	1,373,055	22,146,279	Mauricio Dias Junior	221,229	3,568,247
			Caio Kozakevic Mattar	-	-

20. SUBSEQUENT EVENTS

The Company evaluated subsequent events through 2nd May, 2023 which is the date on which the Special Purpose Financial Statements are approved by Management Committee. Based on this evaluation, the Company is not aware of any other events or transactions that would require recognition or disclosure in the Special Purpose Financial Statements.

21. APPROVAL OF THE FINANCIAL STATEMENTS

The Special Purpose Financial Statements were approved for issue by the Management Committee on 2nd May, 2023.

MANAGEMENT REPORT

The Managing Director submits the first Management Report for the period from 10th March, 2023, being the date of incorporation of the Company, to 31st March, 2023.

Incorporation

The Company was incorporated on 10th March, 2023 in Frankfurt, Germany. The Company's shares are fully subscribed by ITC Infotech India Limited.

Principal Activities

The Company is engaged in providing Information Technology Services and Solutions. For the period ended 31st March, 2023, the Company earned Total Revenue of EUR 7,150 while the net Profit After Tax was EUR 442.

Directors

Messrs. Arun Raghavapudi (Chairman of the Board), Karan Shukla and Sharad Jain have been appointed as the Members of the Board of the Company for a term of 5 years.

Managing Director

Mr. Anindya Roy has been appointed as the sole Managing Director of the Company.

Auditors

The Company is not required to audit its Financial Statements for the period ended 31st March, 2023 as per local laws. However, as a measure of good governance, the Company has engaged Messrs. Deloitte Haskins & Sells LLP, India, as the Auditors for the period under review. Their Report is annexed to the Financial Statements of the Company.

On behalf of ITC Infotech GmbH

Date: 29th April, 2023

Anindya Roy
Managing Director

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF ITC INFOTECH GMBH

Report on the Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of ITC Infotech GmbH ("the Company"), which comprise the Special Purpose Balance Sheet as at March 31, 2023, the Special Purpose Statement of Profit and Loss, the Special Purpose Statement of Changes in Equity and the Special Purpose Cash Flow Statement for the period March 10, 2023 till March 31, 2023, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Special Purpose Financial Statements"). The Special Purpose Financial Statements are prepared for inclusion in the annual report of the Ultimate Holding Company ITC Limited under the requirements of section 129(3) of the Companies Act, 2013.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements are prepared, in all material respects, in accordance with the basis of preparation set out in Note 1(a) to the Special Purpose Financial Statements.

Basis for Opinion

We conducted our audit of the Special Purpose Financial Statements in accordance with the Standards on Auditing (the "SAs") issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI and we have fulfilled our other ethical responsibilities in accordance with the requirements of the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Financial Statements.

Emphasis of Matter

Basis of preparation and restriction on distribution and use

We draw attention to Note 1(a) to the Special Purpose Financial Statements, which describes the purpose and basis of preparation. The Special Purpose Financial Statements have been prepared by the Company for the purpose of the information and use of the Company's management. The Special Purpose Financial Statements may not be suitable for any another purpose. The Special Purpose Financial Statements cannot be referred to or distributed for any other purpose except with our prior consent in writing. Our report is addressed to the Board of Directors of the Company. This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. We neither accept nor assume any duty, responsibility or liability to any other party or for any other purpose.

Our report is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements

The Company's Board of Directors are responsible for the preparation of these Special Purpose Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the basis described in Note 1(a) to the Special Purpose Financial Statements.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, the Company's Board of Directors are 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 SAs 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 Special Purpose Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special

Purpose 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 financial 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 management.
- Conclude on the appropriateness of management's 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 Special Purpose 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 Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Special Purpose Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Special Purpose Financial Statements.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration No: 117366W/W-100018

Girish Bagri
Partner
Membership No. 066572
UDIN: 23066572BGXZLM6710

Place: Bengaluru
Date: 29th April, 2023

SPECIAL PURPOSE FINANCIAL STATEMENTS

SPECIAL PURPOSE BALANCE SHEET AS AT 31ST MARCH, 2023

	Note No.	As at 31st March 2023 (Amount in €)	As at 31st March 2023 (INR) (Unaudited)
I ASSETS			
1. Current Assets			
(a) Financial Assets			
(i) Cash and Cash Equivalents	2	**2,849,200**	**254,839,571**
(ii) Others	3	**7,150**	**639,514**
Sub-Total		**2,856,350**	**255,479,085**
TOTAL		**2,856,350**	**255,479,085**
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	4	**2,850,000**	**254,911,125**
(b) Other Equity		442	39,534
Sub-Total		**2,850,442**	**254,950,659**
2 Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables			
- Total outstanding dues other than micro and small enterprises	5	**5,700**	**509,823**
(b) Current Tax Liabilities (Net)	6	208	18,604
Sub-Total		**5,908**	**528,427**
TOTAL		**2,856,350**	**255,479,085**

The accompanying notes 1 to 15 are an integral part of the Special Purpose Financial Statements

This is the Special Purpose Balance Sheet referred to in our Report of even date.

For **Deloitte Haskins & Sells LLP,**
Firm Registration Number: 117366 W/W-100018
Chartered Accountants

Girish Bagri
Partner
Membership Number: 066572

Place: Bengaluru
Date: April 29, 2023

On Behalf of ITC Infotech GmbH

Anindya Roy
Managing Director

Karan Shukla
Director

SPECIAL PURPOSE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH 2023*

* For the period from 10th March 2023 till 31st March 2023

		Note No.	As at 31st March 2023 (Amount in €)	As at 31st March 2023 (INR) (Unaudited)
I	**Revenue from Operations**	7	7,150	639,514
II	**Total Income**		7,150	639,514
III	**Expenses**			
	Other Expenses	8	6,500	581,376
	Total Expenses		6,500	581,376
IV	**Profit Before Tax (II-III)**		650	58,138
V	**Tax Expenses**			
	Current Tax	9	208	18,604
VI	**Profit for the Period (IV-V)**		442	39,534
VII	Earnings Per Share (in €) (Face value € 1 each) (Basic and Diluted)	10	0.001	0.12

There were no items of comprehensive income in the current period, and accordingly, no Statement of Comprehensive Income is presented.

The accompanying notes 1 to 15 are an integral part of the Special Purpose Financial Statements

This is the Statement of Profit and Loss referred to in our Report of even date.

For **Deloitte Haskins & Sells LLP,**
Firm Registration Number: 117366 W/W-100018
Chartered Accountants

Girish Bagri
Partner
Membership Number: 066572

Place: Bengaluru
Date: April 29, 2023

On Behalf of ITC Infotech GmbH

Anindya Roy
Managing Director

Karan Shukla
Director

SPECIAL PURPOSE STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH, 2023*

*For the period 10th March 2023 till 31st March 2023

A. Equity Share Capital

Opening Balance	Changes in Equity Share Capital during the period* (Amount in €)	Balance at 31st March, 2023 (Amount in €)	Balance at 31st March, 2023 (Amount in ₹) Unaudited
–	2,850,000	2,850,000	254,911,125

* Capital contribution by ITC Infotech India Limited (“the Parent”) at the time of incorporation of the Company.

B. Other Equity

	Retained Earning (Amount in €)	Total (Amount in €)	Total (Amount in ₹)
Balance as at 1st April, 2022	–	–	–
Profit for the Period	442	442	39,534
Total Comprehensive Income	442	442	39,534
Balance as at 31st March, 2023	442	442	39,534

Retained Earnings - This represents the cumulative profits of the company.

The accompanying notes 1 to 15 are an integral part of the Special Purpose Financial Statements

This is the Special Purpose Statement of Changes in Equity referred to in our Report of even date.

For **Deloitte Haskins & Sells LLP,**
Firm Registration Number: 117366 W/W-100018
Chartered Accountants

Girish Bagri
Partner
Membership Number: 066572

Place: Bengaluru
Date: April 29, 2023

On Behalf of ITC Infotech GmbH

Anindya Roy
Managing Director

Karan Shukla
Director

SPECIAL PURPOSE CASH FLOWS STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2023*

* For the period from 10th March 2023 till 31st March 2023

		For the period ended 31st March'23 (Amount in €)		For the period ended 31st March'23 (Amount in ₹) (Unaudited)	
A	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	PROFIT BEFORE TAX		650		58,138
	ADJUSTMENT ITEMS:		–		–
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		650		58,138
	ADJUSTMENTS FOR :				
	Other Assets	(7,150)		(639,514)	
	Trade Payables, Other Liabilities and Provisions	5,700	(1,450)	509,822	(129,692)
	CASH FROM OPERATIONS		(800)		(71,554)
	NET CASH FROM OPERATING ACTIVITIES		(800)		(71,554)
B	**CASH FLOW FROM INVESTING ACTIVITIES :**				
		–		–	
	NET CASH FROM / USED IN INVESTING ACTIVITIES		–		–
C	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Proceeds from issue of Share Capital	2,850,000		254,911,125	
	NET CASH FROM FINANCING ACTIVITIES		2,850,000		254,911,125
	NET INCREASE IN CASH AND CASH EQUIVALENTS		2,849,200		254,839,571
	OPENING CASH AND CASH EQUIVALENTS		-		-
	CLOSING CASH AND CASH EQUIVALENTS		2,849,200		254,839,571
	CASH AND CASH EQUIVALENTS COMPRISE :				
	Cash and Cash Equivalents as above	2,849,200		254,839,571	
	Cash and Cash Equivalents (Note 2)		2,849,200		254,839,571

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 "Statement of Cash Flows".

The accompanying notes 1 to 15 are an integral part of the Special Purpose Financial Statements

This is the Special Purpose Cash Flow Statement referred to in our Report of even date.

For **Deloitte Haskins & Sells LLP,**
Firm Registration Number: 117366 W/W-100018
Chartered Accountants

Girish Bagri
Partner
Membership Number: 066572

Place: Bengaluru
Date: April 29, 2023

On Behalf of ITC Infotech GmbH

Anindya Roy
Managing Director

Karan Shukla
Director

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

NATURE OF OPERATIONS

ITC Infotech GmbH (the "Company") is a wholly owned subsidiary of ITC Infotech India Limited ("the Parent") providing information technology services to enterprise clients. The Company is incorporated and domiciled in Germany and has its registered office at Friedrich-Ebert-Anlage 36, 60325 Frankfurt am Main.

ITC Infotech GmbH was incorporated on 10th March, 2023.

1 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation and statement of compliance

This Special Purpose Financial Statements comprising Special Purpose Balance Sheet as at 31 March, 2023 and Special Purpose Statement of Profit and Loss, Special Purpose Statement of changes in Equity and Special Purpose Cash Flow Statement for the period 10th March, 2023 till 31 March, 2023 and a summary of significant accounting policies and other explanatory information (together referred to as "Special Purpose Financial Statements") are prepared for inclusion in the annual report of the Ultimate Holding Company (ITC Limited) under the requirements of section 129(3) of the Companies Act, 2013. The financial performance and position of the Company are included in the consolidated financial statements of ITC Limited, incorporated under the Companies Act, 2013, and having its registered office at Virginia House, 37, Jawaharlal Nehru Road, Kolkata 700 071, India.

These Special Purpose Financial Statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") & generally accepted accounting principles in India. Accordingly, these financial statements do not purport to follow generally accepted accounting principles in Germany.

These special purpose financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured as fair value as required by the relevant Ind AS and explained in the accounting policy on financial instruments classified as fair value through profit or loss.

Since it is a newly established company incorporated on 10th March, 2023, Accounting policies have been applied consistently throughout the period presented in these Special Purpose Financial Statements. Disclosures have been given which are relevant to and materially affect the company's financial position and financial performance. Accordingly information for comparative period is not presented.

b) Convenience translation (unaudited)

These Special Purpose Financial Statement are presented in Euro. However, as required by the parent company ITC Infotech India Ltd., the Indian Rupee equivalent figures, arrived at by applying the average interbank exchange rate of EUR (€)= INR 89.4425 for the period ended March 31, 2023 as provided by ITC Infotech India Ltd, have been included solely for informational purposes and is not in conformity with the provisions of Ind AS. No representation is made that the Euro amounts have been, could have been or could be converted into Indian rupee at such a rate or any other rate.

c) Use of Estimates and Judgment

The preparation of the Special Purpose Financial Statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the Income taxes note.

d) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013 and Ind AS 1 – Presentation of Special Purpose Financial Statements based on the nature of services rendered and their realisation in cash and cash equivalents.

e) Foreign Currency Transactions

The presentation & functional currency of the Company is Euro being the currency of the primary economic environment in which the entity operates. The factors considered include the following:

a. Currency that influences sales prices for goods and services and is of a country whose competitive forces and regulations determine the sales prices of its goods and services.

b. Currency that influences labour, material and other costs of providing goods or services.

c. Currency in which funds from financing activities are generated and

d. Currency in which receipts from operating activities are usually retained.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains / losses arising on settlement as also on translation of foreign currency denominated monetary items are recognised in the Statement of Profit and Loss.

f) Financial instruments, Financial assets and Financial liabilities

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include cash and cash equivalents. Such assets are initially recognised when the Company becomes party to contractual obligations at fair value including transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income, where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss, where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) held at amortised cost and financial assets that are measured at fair value through other comprehensive income are impaired based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification : When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition on Financial Assets : Interest income is recognised in the Statement of Profit and Loss using the effective interest method.

Financial Liabilities

Trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet. Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

g) Revenue from Sale of Services

The Company is engaged in providing information technology services to enterprise clients. The Company derives its revenues primarily from Information Technology (IT) services.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved in writing, by the parties, to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services (“performance obligations”) to customers in an amount that reflects the consideration the Group has received or expects to receive in exchange for these products or services (“transaction price”). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on cost plus a margin.

h) Taxes on Income

Taxes on income comprises current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

i) Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company. The Board of Directors examines the Company’s performance and has identified single reportable segment, namely Information Technology.

Segment revenue is reported on the same basis as revenue in the Special Purpose Financial Statements. Currently the entire revenue of the Company comes from a single customer domiciled in India.

j) Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

k) Statement of cash flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash from operating, investing and financing activities of the Company are segregated.

l) New Accounting Pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31st March, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Special Purpose Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April 2023. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these amendments.

Note No.		As at 31st March, 2023 (Amount in €)	As at 31st March, 2023 (Amount in ₹) Unaudited
2	**CASH AND CASH EQUIVALENTS**		
	Balance with Bank:		
	Current Account	2,849,200	2,849,200
	Total	2,849,200	2,849,200
3	**OTHER FINANCIAL ASSETS**		
	Current		
	Unbilled Revenue	7,150	639,514
	Total	7,150	639,514
4	**EQUITY SHARE CAPITAL**		
	Authorised:		
	5,700,000 Equity Shares of € 1 each	5,700,000	509,822,250
	Issued and subscribed : 5,700,000 Equity Shares of € 0.5 each, fully paid	2,850,000	254,911,125
	(All equity shares are held by ITC Infotech India Limited, the Holding Company. The Equity Shares of the Company, having par value of € 1 each per share, rank pari passu in all respects including entitlement to dividend.)		
	Total	2,850,000	254,911,125

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

4(a)Shared held by Promoters

Particulars	Promoter Name	As at 31 March 2023 No. of shares as at end of the period	% of Total Shares	% change during the period
Equity Shares of € 1 each, partially paid-up (0.5)	ITC Infotech India Limited	5,700,000	100%	100%

5 FINANCIAL LIABILITIES

Trade Payables

Ageing schedule

Trade Payable as at 31st March, 2023	Particulars Outstanding for following periods: Not Due	Accrued	Less than 6 months	6 months -1 year	Total (Amount in €)	Total (Amount in ₹) Unaudited
Others	-	5,700	-	-	5,700	509,822
Total	-	5,700	-	-	5,700	509,822

	As at 31st March, 2023 (Amount in €)	As at 31st March, 2023 (Amount in ₹) Unaudited
6 CURRENT TAX LIABILITIES		
Provision For Income Tax	208	18,604
	208	18,604

	For the period ended 31st March, 2023 (Amount in €)	For the period ended 31st March, 2023 (Amount in ₹) Unaudited
7 REVENUE FROM OPERATIONS		
Sale of Services	7,150	639,514
Total Revenue	7,150	639,514

Income from services rendered to group companies are recognized based on cost plus mark-up in accordance with the terms of the respective agreements.

8 OTHER EXPENSES		
Auditor's Remuneration and Expenses	5,700	509,822
Bank Charges	800	71,554
Total	6,500	5,81,376
9 TAX EXPENSES		
9(a)Tax Expense Recognised in Statement of Profit and Loss		
Current Tax	208	18,604
Total	208	18,604

9(b)The reconciliation between the income tax expenses and amounts computed by applying the standard rate of income tax to profit before taxes is as follows:

Profit before tax	650	58,138
Income tax expense calculated at 31.925%	208	18,604
Income Tax expenses recognised in Statement of Profit and Loss	208	18,604

10 Earnings per share

(a) Profit after Tax	442	39,534
(b) Weighted average number of Equity Shares No.	327,945	327,945
(c) Earnings Per Share (Face value of € 1 each, per share) (Basic and Diluted)	0.001	0.12

11 Categories of Financial Instruments

	As at 31st March, 2023 (Amount in €) Carrying Value	Fair Value	As at 31st March, 2023 (Amount in ₹) Unaudited Carrying Value	Fair Value
Financial Assets				
Measured at amortised cost				
Cash and Cash Equivalents	28,49,200	28,49,200	25,48,39,571	25,48,39,571
Other Financial Assets	7,150	7,150	6,39,514	6,39,514
Total	28,56,350	28,56,350	25,54,79,085	25,54,79,085
Financial Liabilities				
Measured at amortised cost				
Trade Payables	5,700	5,700	5,09,822	5,09,822
Total	6,500	6,500	581,376	581,376

12 Financial Risk Management Objectives

The Company has a system - based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as foreign currency risk, credit risk and liquidity risk) that may arise as a consequence of its business operations.

a) Market Risk

The Company has in place appropriate risk management policies to limit the impact of currency, interest and price risk on its financial performance.

i) Foreign Currency Risk

The Company undertakes transactions denominated in functional currency - Euro.

There are no outstanding foreign currency denominated financial assets and financial liabilities, as at the end of the reporting period.

ii) Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As all the financial assets and liabilities of the Company are non-interest bearing, the Company's net exposure to interest risk is nil.

iii) Price Risk

Since all the funds are kept in the bank account there is no price risk on such surplus funds.

iv) Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

	As at 31st March, 2023 Contractual Cash flows* Carrying value	Less than 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 period up to 3 years	Beyond 3 years	Total (Amount in €)	Total (Amount in ₹) Unaudited
Trade Payables	5,700	5,700	-	-	-	-	5,700	509,822
Total	5,700	5,700	-	-	-	-	5,700	509,822

v) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. During the FY and as at the reporting period there is no external risk as there is no revenue from any external customers.

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

13 RELATED PARTY DISCLOSURES

(i) ULTIMATE HOLDING COMPANY:

ITC Limited

(ii) HOLDING COMPANY:

ITC Infotech India Limited

(iii) Fellow Subsidiary Companies:

ITC Infotech Limited

ITC Infotech (USA), Inc. and its wholly owned subsidiary Indivate Inc.

ITC Infotech Do Brasil LTDA.

ITC Infotech Malaysia SDN. BHD.

ITC Infotech France SAS

(iv) KEY MANAGEMENT PERSONNEL

Mr. Anindya Roy - Managing Director

Mr. Arun Raghavapudi - Director

Mr. Karan Shukla - Director

Mr. Sharad Jain - Director

(v) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

Descriptions	Holding Company	
	For the period ended 31st March, 2023 (Amount in €)	For the period ended 31st March, 2023 (Amount in ₹) Unaudited
Sale of Services	7,150	639,514

(vi) DISCLOSURE OF OUTSTANDING BALANCES

Descriptions	Holding Company	
	For the period ended 31st March, 2023 (Amount in €)	For the period ended 31st March, 2023 (Amount in ₹) Unaudited
Balances as at 31st March, i) Other Financial Assets (Unbilled)	7,150	639,514

(vii) INFORMATION REGARDING SIGNIFICANT TRANSACTIONS

(Generally in excess of 10% of the total transaction value of the same type)

Related Party Transactions	For the period ended 31st March, 2023 (Amount in €)	For the period ended 31st March, 2023 (Amount in ₹) Unaudited
Sale of Services ITC Infotech India Limited	7,150	639,514

14 SUBSEQUENT EVENTS

The Company evaluated subsequent events through April 29, 2023, which is the date on which the Special Purpose Financial Statements are approved by the Board of Directors. Based on this evaluation, the Company is not aware of any other events or transactions that would require recognition or disclosure in the Special Purpose Financial Statements.

15 APPROVAL OF SPECIAL PURPOSE FINANCIAL STATEMENTS

The Special Purpose Financial Statements were approved for issue by the Board of Directors on April 29, 2023.

MANAGEMENT REPORT

The President submits the first Management Report for the period from 8th February, 2023, being the date of incorporation of the Company, to 31st March, 2023.

Incorporation

The Company was incorporated on 8th February, 2023 in Meudon, France. The Company's shares are fully subscribed and paid up by ITC Infotech India Limited.

Principal Activities

The Company is engaged in providing Information Technology Services and Solutions. For the period ended 31st March, 2023, the Company earned Total Revenue of EUR 7,150 while the net Profit After Tax was EUR 552.

Directors

The First Directors of the Company are Messrs. Anindya Roy (Chairman of the Board), Vishal Kumar, Karan Shukla, and Sharad Jain. The term of appointment of these Directors is indefinite i.e., the Directors will serve the office until they are replaced or removed by the sole Shareholder of the Company or have resigned from their position as Directors of the Company.

President

The first President of the Company is Mr. Anindya Roy. He ensures the presidency of the Company without limitation of duration.

Auditors

The Company is not required to audit its Financial Statements for the period ended 31st March, 2023 as per local laws. However, as a measure of good governance, the Company has engaged Messrs. Deloitte Haskins & Sells LLP, India, as the Auditors for the period under review. Their Report is annexed to the Financial Statements of the Company.

On behalf of ITC Infotech France SAS

Date: 29th April, 2023

Anindya Roy
Director & President

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF ITC INFOTECH FRANCE SAS

Report on the Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of ITC Infotech France SAS ("the Company"), which comprise the Special Purpose Balance Sheet as at March 31, 2023, the Special Purpose Statement of Profit and Loss, the Special Purpose Statement of Changes in Equity and the Special Purpose Cash Flow Statement for the period February 8, 2023 till March 31, 2023, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Special Purpose Financial Statements"). The Special Purpose Financial Statements are prepared for inclusion in the annual report of the Ultimate Holding Company ITC Limited under the requirements of section 129(3) of the Companies Act, 2013.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements are prepared, in all material respects, in accordance with the basis of preparation set out in Note 1(a) to the Special Purpose Financial Statements.

Basis for Opinion

We conducted our audit of the Special Purpose Financial Statements in accordance with the Standards on Auditing (the "SAs") issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI and we have fulfilled our other ethical responsibilities in accordance with the requirements of the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Financial Statements.

Emphasis of Matter

Basis of preparation and restriction on distribution and use

We draw attention to Note 1(a) to the Special Purpose Financial Statements, which describes the purpose and basis of preparation. The Special Purpose Financial Statements have been prepared by the Company for the purpose of the information and use of the Company's management. The Special Purpose Financial Statements may not be suitable for any another purpose. Our report is intended solely for the information and use of the Board of Directors and management of ITC Infotech France SAS and its group companies and is not intended to be and should not be referred to or used by any other party or for any other purpose except with our prior consent in writing. We neither accept nor assume any duty, responsibility or liability to any other party or for any other purpose.

Our report is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements

The Company's Board of Directors are responsible for the preparation of these Special Purpose Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the basis described in Note 1(a) to the Special Purpose Financial Statements.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, the Company's Board of Directors are 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 SAs 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 Special Purpose Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose 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 financial 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 management.
- Conclude on the appropriateness of management's 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 Special Purpose 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 Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Special Purpose Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Special Purpose Financial Statements.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm Registration No: 117366W/W-100018)

Girish Bagri
Partner
(Membership No. 066572)
(UDIN: 23066572BGXZLN9547)

Place: Bengaluru
Date: April 29, 2023

SPECIAL PURPOSE FINANCIAL STATEMENTS

SPECIAL PURPOSE BALANCE SHEET AS AT 31ST MARCH, 2023

	Note No.	As at 31st March 2023 (Amount in €)	As at 31st March 2023 (INR) (Unaudited)
I ASSETS			
1. Current Assets			
(a) Financial Assets			
(i) Cash and Cash Equivalents	2	**3,000,000**	**268,327,500**
(ii) Others	3	**7,150**	**639,514**
Sub-Total		**3,007,150**	**268,967,014**
TOTAL		**3,007,150**	**268,967,014**
II EQUITY AND LIABILITIES			
1. Equity			
(a) Equity Share Capital	4	**3,000,000**	**268,327,500**
(b) Other Equity		**552**	**49,372**
Sub-Total		**3,000,552**	**268,376,872**
2 Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables			
- Total outstanding dues other than micro and small enterprises	5	**6,500**	**5,81,377**
(b) Current Tax Liabilities (Net)	6	**98**	**8,765**
Sub-Total		**6,598**	**5,90,142**
TOTAL		**30,07,150**	**26,89,67,014**

The accompanying notes 1 to 15 are an integral part of the Special Purpose Financial Statements

This is the Special Purpose Balance Sheet referred to in our Report of even date

For **Deloitte Haskins & Sells LLP,**
Firm Registration Number: 117366 W/W-100018
Chartered Accountants

Girish Bagri
Partner
Membership Number: 066572

Place: Bengaluru
Date: April 29, 2023

On Behalf of ITC Infotech France SAS

Anindya Roy
President

Karan Shukla
Director

SPECIAL PURPOSE STATEMENT OF PROFIT AND LOSS*

* For the period from 8th February 2023 till 31st March 2023

		Note No.	For the Period Ended 31st March 2023 (Amount in €)	For the Period Ended 31st March 2023 (INR) (Unaudited)
I	**Revenue from Operations**	7	**7,150**	**6,39,514**
II	**Total Income**		**7,150**	**6,39,514**
III	**Expenses**			
	Other Expenses	8	**6,500**	**5,81,376**
	Total Expenses		**6,500**	**5,81,376**
IV	**Profit Before Tax (II-III)**		**650**	**58,138**
V	**Tax Expenses**			
	Current Tax	9	**98**	**8,765**
VI	**Profit for the Period (IV-V)**		**552**	**49,372**
VII	Earnings Per Share (in €) (Face value € 1 each) (Basic and Diluted)	10	**0.001**	**0.12**

There were no items of comprehensive income in the current period, and accordingly, no Statement of Comprehensive Income is presented.

The accompanying notes 1 to 15 are an integral part of the Special Purpose Financial Statements

This is the Special Purpose Statement of Profit and Loss referred to in our Report of even date.

For **Deloitte Haskins & Sells LLP,**
Firm Registration Number: 117366 W/W-100018
Chartered Accountants

Girish Bagri
Partner
Membership Number: 066572

Place: Bengaluru
Date: April 29, 2023

On Behalf of ITC Infotech France SAS

Anindya Roy
President

Karan Shukla
Director

SPECIAL PURPOSE STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH, 2023*

*For the period 8th February 2023 till 31st March 2023

A. Equity Share Capital

Opening Balance	Changes in Equity Share Capital during the period* (Amount in €)	Balance at 31st March, 2023 (Amount in €)	Balance at 31st March, 2023 (Amount in ₹) (Unaudited)
–	3,000,000	3,000,000	268,327,500

* Capital contribution by ITC Infotech India Limited (“the Parent”) at the time of incorporation of the Company.

B. Other Equity

	Retained Earning (Amount in €)	Total (Amount in €)	Total (Amount in ₹)
Balance as at 1st April, 2022	–	–	–
Profit for the Period	552	552	49,372
Total Comprehensive Income	552	552	49,372
Balance as at 31st March, 2023	552	552	49,372

Retained Earnings - This represents the cumulative profits of the company.

The accompanying notes 1 to 15 are an integral part of the Special Purpose Financial Statements

This is the Special Purpose Statement of Changes in Equity referred to in our Report of even date.

For **Deloitte Haskins & Sells LLP,**
Firm Registration Number: 117366 W/W-100018
Chartered Accountants

Girish Bagri
Partner
Membership Number: 066572

Place: Bengaluru
Date: April 29, 2023

On Behalf of ITC Infotech France SAS

Anindya Roy
President

Karan Shukla
Director

SPECIAL PURPOSE CASH FLOWS STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2023*

* For the period from 8th February 2023 till 31st March 2023

		For the period ended 31st March'23 (Amount in €)		For the period ended 31st March'23 (Amount in ₹) (Unaudited)	
A	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	PROFIT BEFORE TAX		650		58,138
	ADJUSTMENT ITEMS:		–		–
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		650		58,138
	ADJUSTMENTS FOR :				
	Other Assets	(7,150)		(639,514)	
	Trade Payables, Other Liabilities and Provisions	6,500	(650)	581,376	(58,138)
	CASH FROM OPERATIONS		–		–
	NET CASH FROM OPERATING ACTIVITIES		–		–
B	**CASH FLOW FROM INVESTING ACTIVITIES :**	–		–	
	NET CASH FROM / USED IN INVESTING ACTIVITIES		–		–
C	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Proceeds from issue of Share Capital	3,000,000		268,327,500	
	NET CASH FROM FINANCING ACTIVITIES		3,000,000		268,327,500
	NET INCREASE IN CASH AND CASH EQUIVALENTS		3,000,000		268,327,500
	OPENING CASH AND CASH EQUIVALENTS		–		–
	CLOSING CASH AND CASH EQUIVALENTS		3,000,000		268,327,500
	CASH AND CASH EQUIVALENTS COMPRISE :				
	Cash and Cash Equivalents as above	3,000,000		268,327,500	
	Cash and Cash Equivalents (Note 2)		3,000,000		268,327,500

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 "Statement of Cash Flows".
The accompanying notes 1 to 15 are an integral part of the Special Purpose Financial Statements

This is the Special Purpose Cash Flow Statement referred to in our Report of even date.

For **Deloitte Haskins & Sells LLP,**
Firm Registration Number: 117366 W/W-100018
Chartered Accountants

Girish Bagri
Partner
Membership Number: 066572

Place: Bengaluru
Date: April 29, 2023

On Behalf of ITC Infotech France SAS

Anindya Roy
President

Karan Shukla
Director

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

NATURE OF OPERATIONS

ITC Infotech France SAS ("the Company") is a wholly owned subsidiary of ITC Infotech India Limited ("the Parent") providing information technology services to enterprise clients. The Company is incorporated and domiciled in France and has its registered office at 17, Rue Jeanne Braconnier 92360 Meudon, France.

ITC Infotech France SAS was incorporated on 8th February, 2023.

1 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation and statement of compliance

This Special Purpose Financial Statements comprising Special Purpose Balance Sheet as at 31st March, 2023 and Special Purpose Statement of Profit and Loss, Special Purpose Statement of changes in Equity and Special Purpose Cash Flow Statement for the period 8th February, 2023 till 31st March, 2023 and a summary of significant accounting policies and other explanatory information (together referred to as "Special Purpose Financial Statements") are prepared for inclusion in the annual report of the Ultimate Holding Company (ITC Limited) under the requirements of section 129(3) of the Companies Act, 2013*. The financial performance and position of the Company are included in the consolidated financial statements of the Holding Company, ITC Infotech India Limited, incorporated under the Companies Act, 2013, and having its registered office 37 J. L. Nehru Road, Kolkata 700071, India.

These Special Purpose Financial Statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") and generally accepted accounting principles in India. Accordingly, these special purpose financial statements do not purport to follow generally accepted accounting principles in France.

These special purpose financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured as fair value as required by the relevant Ind AS and explained in the accounting policy on financial instruments classified as fair value through profit or loss.

Since it is a newly established company incorporated on 8th February, 2023, accounting policies have been applied consistently throughout the period presented in these Special Purpose Financial Statements. Disclosures have been given which are relevant to and materially affect the Company's financial position and financial performance. Accordingly, information for comparative period is not presented.

*Companies Act, 2013 refers to the Companies Act, 2013 of India

b) Convenience translation (unaudited)

These Special Purpose Financial Statement are presented in Euro. However, as required by the parent company ITC Infotech India Ltd., the Indian Rupee equivalent figures, arrived at by applying the average interbank exchange rate of EUR (€)= INR 89.4425 for the period ended 31st March, 2023 as provided by ITC Infotech India Ltd, have been included solely for informational purposes and is not in conformity with the provisions of Ind AS. No representation is made that the Euro amounts have been, could have been or could be converted into Indian rupee at such a rate or any other rate.

c) Use of Estimates and Judgment

The preparation of the Special Purpose Financial Statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the special purpose financial statements are included in Income taxes note.

d) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Ind AS 1 – Presentation of Financial Statements based on the nature of services rendered and their realization in cash and cash equivalents.

e) Foreign Currency Transactions

The presentation & functional currency of the Company is Euro being the currency of the primary economic environment in which the entity operates. The factors considered include the following:

a. Currency that influences sales prices for goods and services and is of a country whose competitive forces and regulations determine the sales prices of its goods and services.
b. Currency that influences labour, material and other costs of providing goods or services.
c. Currency in which funds from financing activities are generated and
d. Currency in which receipts from operating activities are usually retained.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains / losses arising on settlement as also on translation of foreign currency denominated monetary items are recognised in the Statement of Profit and Loss.

f) Financial instruments, Financial assets and Financial liabilities

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include cash and cash equivalents. Such assets are initially recognised when the Company becomes party to contractual obligations at fair value including transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income, where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss, where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) held at amortised cost and financial assets that are measured at fair value through other comprehensive income are impaired based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification : When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition on Financial Assets : Interest income is recognised in the Statement of Profit and Loss using the effective interest method.

Financial Liabilities

Trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet. Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

g) Revenue from Sale of Services

The Company is engaged in providing information technology services to enterprise clients. The Company derives its revenues primarily from Information Technology (IT) services.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved in writing, by the parties, to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised services (“performance obligations”) to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these services (“transaction price”). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on cost plus a margin.

h) Taxes on Income

Taxes on income comprises current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

i) Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company. The Board of Directors examines the Company’s performance and has identified single reportable segment, namely Information Technology. Segment revenue is reported on the same basis as revenue in the Special Purpose Financial Statements. Currently the entire revenue of the Company comes from a single customer domiciled in India.

j) Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

k) Statement of cash flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash from operating, investing and financing activities of the Company are segregated.

l) New Accounting Pronouncements

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

Ind AS 1, ‘Presentation of Financial Statements’ - The amendments require companies to disclose their material accounting policies rather than their significant accounting policies.

Ind AS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ – This amendment has introduced a definition of ‘accounting estimates’ and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.

Ind AS 12 ‘Income Taxes’ - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these amendments.

Note No.		As at 31st March, 2023 (Amount in €)	As at 31st March, 2023 (Amount in ₹) (Unaudited)
2	**CASH AND CASH EQUIVALENTS**		
	Balance with Bank:		
	Current Account	3,000,000	268,327,500
	Total	3,000,000	268,327,500
3	**OTHER FINANCIAL ASSETS**		
	Current		
	Unbilled Revenue	7,150	639,514
	Total	7,150	639,514
4	**EQUITY SHARE CAPITAL**		
	Authorised:		
	3,000,000 Equity Shares of € 1 each	3,000,000	268,327,500
	Issued and subscribed :		
	3,000,000 Equity Shares of € 1 each, fully paid	3,000,000	268,327,500
	(All equity shares are held by ITC Infotech India Limited, the Holding Company. The Equity Shares of the Company, having par value of € 1 each per share, rank pari passu in all respects including entitlement to dividend.)		
	Total	3,000,000	268,327,500

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

4(a)Shared held by Promoters

Particulars	Promoter Name	As at 31st March 2023		
		No. of shares as at end of the period	% of Total Shares	% change during the period
Equity Shares of € 1 each, fully paid	ITC Infotech India Limited	3,000,000	100%	100%

5 FINANCIAL LIABILITIES

Trade Payables

Ageing schedule

Trade Payable as at 31st March, 2023	Particulars Outstanding for following periods					
	Not Due	Accrued	Less than 6 months	6 months -1 year	Total (Amount in €)	Total (Amount in ₹) (Unaudited)
Others	-	6,500	-	-	6,500	581,376
Total	-	6,500	-	-	6,500	581,376

	As at 31st March, 2023 (Amount in €)	As at 31st March, 2023 (Amount in ₹) (Unaudited)
6 CURRENT TAX LIABILITIES		
Provision For Income Tax	98	8,765
	98	8,765

	For the period ended 31st March, 2023 (Amount in €)	For the period ended 31st March, 2023 (Amount in ₹) (Unaudited)
7 REVENUE FROM OPERATIONS		
Sale of Services	7,150	639,514
Total Revenue	7,150	639,514

Income from services rendered to group companies are recognized based on cost plus mark-up in accordance with the terms of the respective agreements.

8 OTHER EXPENSES		
Auditor's Remuneration and Expenses	5,700	509,822
Bank Charges	800	71,554
Total	6,500	5,81,376

9 TAX EXPENSES

9(a)Tax Expense Recognised in Statement of Profit and Loss

Current Tax	98	8,765
Total	98	8,765

9(b)The reconciliation between the income tax expenses and amounts computed by applying the standard rate of income tax to profit before taxes is as follows:

Profit before tax	650	58,138
Income tax expense calculated at 15%	98	8,765
Income Tax expenses recognised in Statement of Profit and Loss	98	8,765

10 Earnings per share

(a) Profit after Tax	552	49,372
(b) Weighted average number of Equity Shares No.	4,27,397	4,27,397
(c) Earnings Per Share	0.001	0.12

(Face value of € 1 each, per share)
(Basic and Diluted)

11 Categories of Financial Instruments

	As at 31st March, 2023 (Amount in €)		As at 31st March, 2023 (Amount in ₹) (Unaudited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Measured at amortised cost				
Cash and Cash Equivalents	3,000,000	3,000,000	268,327,500	268,327,500
Other Financial Assets	7,150	7,150	639,514	639,514
Total	3,007,150	3,007,150	268,967,014	268,967,014
Financial Liabilities				
Measured at amortised cost				
Trade Payables	6,500	6,500	581,376	581,376
Total	6,500	6,500	581,376	581,376

12 Financial Risk Management Objectives

The Company has a system - based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as foreign currency risk, credit risk and liquidity risk) that may arise as a consequence of its business operations.

a) Market Risk

The Company has in place appropriate risk management policies to limit the impact of currency, interest and price risk on its financial performance.

i) Foreign Currency Risk

The Company undertakes transactions denominated in functional currency - Euro.

There are no outstanding foreign currency denominated financial assets and financial liabilities, as at the end of the reporting period.

ii) Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As all the financial assets and liabilities of the Company are non-interest bearing, the Company's net exposure to interest risk is nil.

iii) Price Risk

Since all the funds are kept in the bank account there is no price risk on such surplus funds.

iv) Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

	As at 31st March, 2023 Contractual Cash flows*							
	Carrying value	Less than 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 period up to 3 years	Beyond 3 years	Total (Amount in €)	Total (Amount in ₹) (Unaudited)
Trade Payables	6,500	6,500	-	-	-	-	6,500	5,81,376
Total	6,500	6,500	-	-	-	-	6,500	5,81,376

v) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. During the FY and as at the reporting period there is no external risk as there is no revenue from any external customers.

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

13 RELATED PARTY DISCLOSURES

(i) ULTIMATE HOLDING COMPANY:

ITC Limited

(ii) HOLDING COMPANY:

ITC Infotech India Limited

(iii) Fellow Subsidiary Companies:

ITC Infotech Limited (UK)

ITC Infotech (USA), Inc. and its wholly owned subsidiary Indivate Inc.

ITC Infotech Do Brasil LTDA.

ITC Infotech Malaysia SDN. BHD.

ITC Infotech GmbH

(iv) KEY MANAGEMENT PERSONNEL

Mr. Anindya Roy - President

Mr. Vishal Kumar - Director

Mr. Karan Shukla - Director

Mr. Sharad Jain - Director

(v) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

Descriptions	Holding Company	
	For the period ended 31st March, 2023 (Amount in €)	For the period ended 31st March, 2023 (Amount in ₹) (Unaudited)
Sale of Services	7,150	639,514

(vi) DISCLOSURE OF OUTSTANDING BALANCES

Descriptions	Holding Company	
	For the period ended 31st March, 2023 (Amount in €)	For the period ended 31st March, 2023 (Amount in ₹) (Unaudited)
Balances as at 31st March, i) Other Financial Assets (Unbilled)	7,150	639,514

(vii) INFORMATION REGARDING SIGNIFICANT TRANSACTIONS

(Generally in excess of 10% of the total transaction value of the same type)

Related Party Transactions	For the period ended 31st March, 2023 (Amount in €)	For the period ended 31st March, 2023 (Amount in ₹) (Unaudited)
Sale of Services ITC Infotech India Limited	7,150	639,514

14 SUBSEQUENT EVENTS

The Company evaluated subsequent events through April 29, 2023, which is the date on which the Special Purpose Financial Statements are approved by the Board of Directors. Based on this evaluation, the Company is not aware of any other events or transactions that would require recognition or disclosure in the Special Purpose Financial Statements.

15 APPROVAL OF SPECIAL PURPOSE FINANCIAL STATEMENTS

The Special Purpose Financial Statements were approved for issue by the Board of Directors on April 29, 2023.

REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended March 31, 2023.

The Corporation is a wholly owned subsidiary of ITC Infotech India Limited, incorporated in India.

Principal Activities

The Corporation is engaged in providing information technology services to customers, majority of which are commercial entities in the United States of America.

Financial Results (*)

(US$ million)

Year Ended March 31,	2023	2022
Total Revenue	149.28	133.76
Operating Income	6.18	3.34
Profit/(Loss) After Tax	4.67	2.53

(*) including Indivate Inc., a wholly owned subsidiary of the Corporation.

Business Review

Corporation

For the year ended March 31, 2023, the Corporation posted total revenue of US$ 145.13 million (2022: US$ 133.34 million) while the net profit after tax was US$ 3.87 million (2022: US$ 2.52 million) (**). The growth in revenue was primarily driven by strategic deal wins in existing key clients in areas such as PLM-led Digital Thread Solutions, Digital Manufacturing, Open Hospitality, Infrastructure Services, and Application Development & Maintenance.

The Corporation continues to stay relevant to the evolving business priorities of its clients and partnered with them in driving their growth and transformation agenda. The Corporation remains focused on strengthening its existing capabilities and identifying newer opportunities for long-term growth and differentiation. The Corporation's portfolio of client and industry-focused capabilities include PLM-led Digital Thread Solutions, Digital Manufacturing, Open Hospitality, Cloud and Sustainability. Cost optimization, digital transformation and talent-centric strategies continued to drive technology spending for the clients. The Corporation also continued to enable clients to adapt to these trends, and witnessed strong performance across verticals, particularly in Hospitality, Consumer Packaged Goods and Manufacturing.

In the year ahead, clients across industries will be focused on driving cost efficiencies while sustaining their growth momentum. The Corporation stays focused on its strategic pillars of Customer Centricity, Employee Centricity and Operational Excellence, towards fulfilling its vision of providing business-friendly solutions to the clients. The Corporation will continue to make client and employee-focused investments to enable it to enter the next phase of its growth and differentiation.

The ongoing economic and geo-political volatility is expected to continue impacting client sentiment and IT spending, resulting in sustained focus on cost-optimization and vendor consolidation. In this context, clients are increasingly looking for trusted partners who are jointly invested in shaping and driving their growth and transformation agenda. The demand for attracting, training, and retaining high-quality talent, particularly in niche and future-focused technologies, continues to remain a top priority to succeed in the global technology landscape. However, the Corporation's strategy of increasing its onsite presence, including local hiring, its investments in strengthening its Sales teams (hiring & sales enablement training) and its continued investments in learning & development for its employees will aid in mitigating these risks. The Corporation is also focused on increasing its client relevance through differentiated and integrated offerings across its portfolio of services.

(**) Standalone Results

Wholly owned subsidiary - Indivate Inc.

Indivate Inc. ("Indivate") provides consumer and market research, business consulting & other advisory services, and is also engaged in trading activities. Indivate recorded Revenue of US$ 4.15 million during the year (2022: US$ 0.42 million) and Net Profit of US$ 0.8 million (2022: US$ 0.013 million).

Directors

In terms of Article III - Clause 4(c) of the By-Laws of the Corporation, Mr. S. Dutta and Mr. R. K. Singhi were appointed as the Directors of the Corporation with effect from July 21, 2022, to hold office until the next Annual Meeting of the Shareholders of the Corporation.

Mr. R. Tandon and Mr. B. B. Chatterjee, consequent to their retirement, ceased to be Directors of the Corporation with effect from July 20, 2022.

All the Directors of the Corporation viz., Messrs. S. Puri, S. Sivakumar, S. Dutta, (Ms.) B. Parameswar, S. Singh and R. K. Singhi will retire at the next Annual Meeting, and, being eligible, offer themselves for re-appointment.

On behalf of the Board

	S. Sivakumar	**S. Singh**
Date: May 2, 2023	**Vice Chairman**	**Director**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of

ITC Infotech (USA), Inc.

Opinion

We have audited the accompanying Special Purpose Financial Statements of ITC Infotech (USA), Inc. (the "Company"), which comprise the special purpose balance sheets as of March 31, 2023 and 2022, and the related special purpose statements of operations and retained earnings and cash flows for the years then ended, and the related notes to the special purpose financial statements (collectively referred to as the "Special Purpose Financial Statements").

In our opinion, the accompanying Special Purpose Financial Statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with the basis of preparation set out in Note B[1] to the Special Purpose Financial Statements.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Basis of preparation and presentation and restriction to use

We draw attention to Note B[1] to the Special Purpose Financial Statements, which describes the basis of preparation. For the purpose of the Special Purpose Financial Statements, the Company did not consolidate Indivate Inc., a wholly owned subsidiary. Further, as discussed in Note B[1] to the Special Purpose Financial Statements, the Indian Rupee equivalent figures have been included in the Special Purpose Financial Statements as required by the Parent company of ITC Infotech (USA), Inc. for informational purposes only. Accordingly, the accompanying Special Purpose Financial Statements are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

Our report is intended solely for the information and use of the Board of Directors and management of ITC Infotech (USA), Inc. and its group companies and is not intended to be and should not be used by anyone other than these specified parties.

Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Special Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the Special Purpose Financial Statements in accordance with the basis described in Note B[1] to the Special Purpose Financial Statements, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Special Purpose Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the Special Purpose Financial Statements are issued.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Special Purpose Financial Statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Special Purpose Financial Statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Special Purpose Financial Statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Special Purpose Financial Statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information included in the Report of the Directors

Management is responsible for the other information included in the Report of the Directors. The other information comprises the information included in the Report of the Directors but does not include the Special Purpose Financial Statements and our auditor's report thereon. Our opinion on the Special Purpose Financial Statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the Special Purpose Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Special Purpose Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte Haskins & Sells LLP
Bengaluru, India
Date: May 2, 2023

SPECIAL PURPOSE BALANCE SHEETS AS OF MARCH 31,

	2023	2023	2022	2022
Assets	(US $)	(₹)	(US $)	(₹)
Current assets				
Cash and cash equivalents	4,142,705	340,406,071	229,1928	173,710,952
Accounts receivable, net of allowance for doubtful accounts of US $ 213,215 (INR 17,519,877) as of 2023 and US $ 227,621 (INR 17,251,964) as of 2022	40,779,437	3,350,846,338	40,197,903	3,046,699,563
Advances to employees	88,525	7,274,099	72,835	5,520,346
Other current assets	169,270	13,908,916	210,526	15,956,291
Total current assets	45,179,937	3,712,435,424	42,773,192	3,241,887,152
Property and equipment	607,941	49,954,512	415,245	31,472,457
Less: Accumulated depreciation and amortization	342,806	28,168,369	315,588	23,919,203
	265,135	21,786,143	99,657	7,553,254
Right of Use Asset	–	–	93,347	7,075,002
Less: Accumulated depreciation	–	–	71,806	5,442,356
	–	–	21,541	1,632,646
Investment in subsidiary (Indivate Inc.)	100,000	8,217,000	100,000	7,579,250
Deferred income taxes	1,296,605	106,542,033	1,156,047	87,619,692
Other assets, principally advances	1,644,364	135,117,390	872,903	66,159,501
	48,486,041	3,984,097,990	45,023,340	3,412,431,495
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	152,095	12,497,646	173,777	13,170,993
Accrued expenses and other current liabilities	11,183,367	918,937,266	7,862,165	595,893,177
Unearned Revenue	603,274	49,571,025	236,308	17,910,338
Accrued payroll and payroll taxes	1,125,479	92,480,610	981,792	74,412,471
Operating Lease liability	–	–	22,948	1,739,286
Due to ITC Infotech India Ltd., net	5,463,677	448,950,339	9,795,116	742,396,329
Total current liabilities	18,527,892	1,522,436,886	19,072,106	1,445,522,594
Non-current liabilities				
Accrued expenses and other Liabilities	132,239	10,866,079	–	–
Stockholder's equity				
Paid up Share Capital	18,200,000	1,495,494,000	18,200,000	1,379,423,500
Retained earnings	11,625,910	955,301,025	7,751,234	587,485,401
Total stockholder's equity	29,825,910	2,450,795,025	25,951,234	1,966,908,901
	48,486,041	3,984,097,990	45,023,340	3,412,431,495

On behalf of the Board

Date: May 2, 2023	Soumyarup Roy	A Raghavapudi	S Singh	S Sivakumar
	Financial Controller	President	Director	Vice Chairman

The accompanying notes are an integral part of these financial statements.

SPECIAL PURPOSE STATEMENTS OF OPERATIONS AND RETAINED EARNINGS FOR THE YEARS ENDED MARCH 31,

	2023	2023	2022	2022
	(US $)	(₹)	(US $)	(₹)
Revenues				
Sale of Services	144,535,341	11,876,468,970	132,809,360	10,065,953,418
Resale of Software and Hardware	554,937	45,599,173	425,968	32,285,180
Other Operating Income	35,719	2,935,030	108,042	8,188,773
Total revenues	145,125,997	11,925,003,173	133,343,370	10,106,427,371
Cost of revenues, principally employment costs and fees charged by affiliates	131,340,380	10,792,239,025	122,388,922	9,276,162,373
Gross profit	13,785,617	1,132,764,148	10,954,448	830,264,998
General and administrative expenses	8,409,858	691,038,032	7,628,814	578,206,885
Operating income	5,375,759	441,726,116	3,325,634	252,058,113
Other income	1,581	129,911	–	–
Income before interest and income tax expense	5,377,340	441,856,027	3,325,634	252,058,113
Interest Expense	49	4,026	1,815	137,563
Income before income tax expense	5,377,291	441,852,001	3,323,819	251,920,550
Income tax expense / (benefit)				
Current	1,643,173	135,019,525	78,115	5,920,531
Deferred	(140,558)	(11,549,651)	730,473	55,364,375
Total income tax expense	1,502,615	123,469,874	808,588	61,284,906
Net income	3,874,676	318,382,127	2,515,231	190,635,644
Retained earnings at beginning of year	7,751,234	636,918,898	5,236,003	396,849,757
Retained earnings at end of year	11,625,910	955,301,025	7,751,234	587,485,401

On behalf of the Board

Date: May 2, 2023	Soumyarup Roy	A Raghavapudi	S Singh	S Sivakumar
	Financial Controller	President	Director	Vice Chairman

The accompanying notes are an integral part of these financial statements.

SPECIAL PURPOSE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31,

	2023 (US $)	2023 (₹)	2022 (US $)	2022 (₹)
Cash flows from operating activities				
Net income	**3,874,676**	**318,382,127**	2,515,231	190,635,644
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	**89,932**	**7,389,705**	137,493	10,420,938
Deferred income taxes	**(140,558)**	**(11,549,651)**	730,473	55,364,375
Write off of Fixed Assets / ROU Assets	**1,471**	**120,872**	(2,497)	(189,254)
Provision for Bad debt expense	**98,006**	**8,053,153**	92,547	7,014,368
(Increase) decrease in assets				
Accounts receivable	**(679,540)**	**(55,837,794)**	(12,583,751)	(953,753,948)
Advances to employees	**(15,690)**	**(1,289,247)**	(66,294)	(5,024,588)
Other current assets	**41,256**	**3,390,006**	(101,831)	(7,718,026)
Other assets, principally unsecured advances	**(771,460)**	**(63,390,868)**	(57,147)	(4,331,314)
Increase (decrease) in liabilities				
Accounts payable	**(21,682)**	**(1,781,610)**	40,604	3,077,479
Accrued expenses and other liabilities	**3,453,441**	**283,769,247**	(10,334)	(783,239)
Unearned Revenue	**366,966**	**30,153,596**	(234,980)	(17,809,722)
Accrued payroll and payroll taxes	**143,686**	**11,806,678**	(41,722)	(3,162,215)
Due to ITC Infotech India Ltd., net	**(4,331,439)**	**(355,914,343)**	7,970,619	604,113,141
Net cash provided /(used) by operating activities	**2,109,065**	**173,301,871**	(1,611,589)	(122,146,361)
Cash flows from investing activities				
Capital expenditures	**(235,340)**	**(19,337,888)**	(105,630)	(8,005,962)
Net cash used in investing activities	**(235,340)**	**(19,337,888)**	(105,630)	(8,005,962)
Lease Liability	**(22,948)**	**(1,885,637)**	(99,331)	(7,528,545)
Net cash used in financing activities	**(22,948)**	**(1,885,637)**	(99,331)	(7,528,545)
Net increase / (decrease) in cash and cash equivalents	**1,850,777**	**152,078,346**	(1,816,550)	(137,680,868)
Cash and cash equivalents at beginning of year	**2,291,928**	**188,327,725**	4,108,478	311,391,820
Cash and cash equivalents at end of year	**4,142,705**	**340,406,071**	2,291,928	173,710,952

On behalf of the Board

Date: May 2, 2023	Soumyarup Roy	A Raghavapudi	S Singh	S Sivakumar
	Financial Controller	President	Director	Vice Chairman

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022

NOTE A - BUSINESS BACKGROUND AND PRINCIPAL TRANSACTIONS WITH AFFILIATES

ITC Infotech (USA), Inc. (the "Company"), a New Jersey corporation, is engaged in providing information technology services to customers, majority of which are commercial entities throughout the United States of America. The Company is a wholly-owned subsidiary of ITC Infotech India Ltd., an Indian company. There are 185,000 common shares authorized of which 182,000 have been issued, and are outstanding, to ITC Infotech India Ltd. ITC Infotech Ltd. is also a wholly-owned subsidiary of ITC Infotech India Ltd.

The Company has entered into an agreement with its parent company ITC Infotech India Ltd. on April 1, 2014 wherein the Company has agreed to sub-contract the execution and management of customer contracts to ITC Infotech India Ltd. Under the terms of this agreement, ITC Infotech India Ltd shall assume the overall execution and management responsibilities for such customer contracts.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation:

As required by its parent company ITC Infotech India Ltd., the financial statements of the Company are not prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) as the results of operations of its wholly-owned subsidiary Indivate were not included since the date of acquisition. Accordingly, these financial statements do not purport to follow US GAAP. Accounting policies and disclosures have been given which are relevant to and materially affect the Company's financial position, cash flows, or results of operations.

Convenience translation (unaudited)

These financial statements are presented in U.S. dollars. However, as required by the parent company ITC Infotech India Ltd., the Indian Rupee equivalent figures, arrived at by applying the average interbank exchange rate of US$1 = INR 82.17 for fiscal year ended March 31, 2023 (2022 US$1 = INR 75.7925) as provided by ITC Infotech India Ltd, have been included solely for informational purposes and is not in conformity with the provisions of FASB ASC 830-30 – Foreign Currency Matters – Translation of Financial Statements and U.S. GAAP.

[2] Use of estimates:

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although actual results could differ from those estimates, in the opinion of management such estimates would not materially affect the financial statements.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the notes on 1) Recognition of revenue 2) Accounts Receivable 3) Property and equipment.

[3] Recognition of revenue:

The Company is engaged in providing information technology services to enterprise clients. The Company derives its revenues primarily from Information Technology (IT) services.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on expected cost-plus margin. Revenue excludes amounts collected on behalf of third parties, such as sales tax.

Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. ("transaction price").

Revenue is recognized from services performed on a "time and material" basis, as and when the services are performed. Revenue from Fixed price support services is recognized on a straight-line basis when services are performed through a series of repetitive acts over a specified period.

Revenue is recognized from services performed on "time bound fixed-price engagements" based on efforts expended using the percentage of completion method of accounting, if work completed can be reasonably estimated. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

Revenue from sales of third-party vendor software / hardware is upon delivery to customer.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Amounts received or billed in advance of services performed are presented as unearned revenue (contract liabilities). Unbilled revenue represents amounts recognized based on services performed in advance of billing in accordance with contract terms.

The incremental costs of obtaining a contract are recognized as an asset and amortized to revenues in accordance with ASC 606 - Revenue from contracts with customers. Capitalized costs are monitored regularly for impairment. Impairment losses are recorded when present value of projected remaining operating cash flows is not sufficient to recover the carrying amount of the capitalized costs.

[4] Cash and cash equivalents:

For purposes of reporting cash flows, the Company considers all deposits in cash accounts which are not subject to withdrawal restrictions or penalties to be cash or cash equivalents.

[5] Accounts receivable:

Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are generally due within 30 to 60 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company creates an allowance for accounts receivable based on historical experience, management's evaluation of outstanding accounts receivable and based on risk assessment, which are conducted regularly and considers all aspects with respect to debts such as invoice ageing, credit information from credit reports of its customers. Amounts are written off when they are deemed uncollectible.

[6] Property and equipment:

Equipment, purchased or internally developed software, furniture and fixtures and leasehold improvements are stated at cost. Depreciation and amortization are provided under the straight line method based upon the estimated useful lives of the assets, with such lives ranging from three to ten years.

[7] Leases:

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>As a Lessee</u>

Right – of – Use (ROU) Assets are recognized at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU Assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU Assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the lease commencement date. ROU Assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight-line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases are charged to the Statement of Operations on a straight-line basis over the term of the relevant lease.

The Company recognizes lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognized as expense in the periods in which they are incurred. Interest on lease liability is recognized using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities are also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of ROU Assets.

<u>As a Lessor</u>

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalized within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognized in the Statement of Operations on a straight-line basis over the term of the lease.

The amount of ROU Asset and Lease Liabilities recognized in the Balance Sheet are disclosed in Note F. The total cash outflow for leases for the year is US $ 67,784 (INR 5,569,833) (including payments in respect short-term leases of US $ 44,787 (INR 3,680,174)) [In FY2021-22, the total cash outflow for leases was US $ 129,525 (INR 9,817,008) (including payments in respect short-term leases of US $ 28,378 (INR 2,150,862))]

[8] Income taxes:

The Company accounts for income taxes pursuant to ASC 740, Income Taxes ("ASC 740"). ASC 740 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Future tax benefits, such as net operating loss carry forwards, are recognized to the extent that realization of these benefits is considered to be more likely than not. If the future realization of such benefits is uncertain, then a valuation allowance is recorded.

The Company provides for income tax in accordance with the FASB issued ASC 740-10, Income Taxes ("ASC 740-10"). ASC 740-10 provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. Tax positions, that meet the more likely than not threshold, are then measured using a probability-weighted approach recognizing the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement.

There were no significant matters determined to be unrecognized tax benefits taken or expected to be taken in a tax return that have been recorded in the Company's consolidated financial statements for the year ended March 31, 2023. The Company's Federal and State tax returns are subject to examination by taxing authorities for the years ended March 31, 2020 and after.

[9] Advertising costs:

Advertising costs are expensed as incurred.

[10] Long-lived assets:

The Company follows ASC 360, Property, Plant and Equipment. Accordingly, whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable, the Company assesses the recoverability of the asset. Based on our evaluation, no impairment charge has been recorded in fiscal years ended March 31, 2023 or 2022.

[11] Fair value measurements:

The Company's financial instruments include cash and cash equivalents, accounts receivable from customers, advances, other assets, accounts payable, and accruals, which are short-term in nature. The Company believes the carrying amounts of these financial instruments reasonably approximate their fair value.

ASC 820 Fair Value Measurements ("ASC 820") defines fair value, establishes a common framework for measuring fair value under the U.S. GAAP, and expands disclosures about fair value measurements for financial and non-financial assets and liabilities.

[12] Capitalized software costs:

Costs incurred for development of computer software for internal use of the Company are capitalized. Any costs incurred in the preliminary stages of development and in the operating stages of the software are expensed immediately. There were no such costs capitalized in fiscal years ended March 31, 2023 or 2022.

[13] Summary of recent accounting pronouncements:

In June 2016, FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses, which require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is to be deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The new guidance is effective for fiscal years beginning after December 15, 2022. The amendment should be applied through a modified retrospective approach. Early adoption as of the fiscal years beginning after December 15, 2018 is permitted. The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

[14] Reclassifications:

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022 (Contd.)

NOTE C - RELATED PARTY TRANSACTIONS

The Company had transactions with the following parties :

	2023 (US $)	2023 (₹)	2022 (US $)	2022 (₹)
Transactions with ITC Infotech India Ltd				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	85,854,707	7,054,681,274	82,470,620	6,250,654,466
Transfer of receivables to ITC Infotech India Ltd	199,651	16,405,346	–	–
Transactions with ITC Infotech Ltd				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	34,033	2,796,492	73,958	5,605,462
Transactions with Technico Technologies				
Costs for project consultations / other expense reimbursements, included in cost of revenues / general and administrative expenses	454,169	37,319,067	275,975	20,916,835
Transactions with ITC Limited				
Refund of reimbursement of expenses	–	–	1,200	90,951
Transactions with Indivate				

There was no amount receivable/ payable to Technico Technologies (fellow subsidiary of ultimate parent, ITC Limited), ITC Limited and ITC Infotech Ltd. as on 31st March, 2023 and 31st March, 2022 respectively. The receivable/ payable amount as on 31st March, 2023 and 31st March, 2022 for the other related parties have been disclosed in the Balance Sheet.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable as on March 31, 2023, of US $ 40,779,437 (INR 3,350,846,338) and March 31, 2022 of US $ 40,197,903 (INR 3,046,699,563) include both billed and unbilled receivables. Unbilled receivables were US $ 16,658,287 (INR 1,368,811,443) and 16,971,112 (INR 1,286,283,035) as of March 31, 2023 and 2022, respectively.

Unbilled Revenue consist of the following:

Particulars	2023 (US $)	2023 (₹)	2022 (US $)	2022 (₹)
Time & Material and others	14,803,381	1,216,393,817	15,054,436	1,141,013,335
Fixed Price contracts based on % Completion	1,854,906	152,417,626	1,916,676	145,269,700
Total	16,658,287	1,368,811,443	16,971,112	1,286,283,035

Changes in the allowance for doubtful accounts in 2022 and 2021 are as follows:

	2023 (US $)	2023 (₹)	2022 (US $)	2022 (₹)
Beginning balance	227,621	18,703,618	1,238,514	93,870,072
Increase / (Decrease) to allowance	98,006	8,053,153	92,547	7,014,368
Accounts written off	112,412	9,236,894	1,103,440	83,632,476
Ending balance	213,215	17,519,877	227,621	17,251,964

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated useful lives (Years)	As of 31-Mar-23 (US $)	31-Mar-23 (₹)	31-Mar-22 (US $)	31-Mar-22 (₹)
Leasehold Improvements	4	26,074	2,142,501	26,074	1,976,214
Office Equipment	5	38,168	3,136,265	38,168	2,892,848
Computers etc.	3	483,094	39,695,833	290,398	22,009,991
Furniture and Fixtures	10	58,962	4,844,908	58,962	4,468,877
Capitalised Software	5	1,643	135,005	1,643	124,527
		607,941	49,954,512	415,245	31,472,457
Less: Accumulated depreciation		(342,806)	(28,168,369)	(315,588)	(23,919,203)
Property and Equipment, net		265,135	21,786,143	99,657	7,553,254

The depreciation expense recognized in the Statement of Operations is as follows:

	FY 2022-23 (US $)	FY 2022-23 (₹)	FY 2021-22 (US $)	FY 2021-22 (₹)
Depreciation expense	68,391	5,619,677	41,855	3,172,270

NOTE F - LEASES

The long-term lease expired during the year and has been renewed as a short-term lease.

Right of use asset:

	As of 31-Mar-23 (US $)	31-Mar-23 (₹)	31-Mar-22 (US $)	31-Mar-22 (₹)
Right of use asset - Buildings	–	–	93,347	7,075,002
	–	–	93,347	7,075,002
Less: Accumulated depreciation	–	–	(71,806)	(5,442,356)
Right of use asset, net	–	–	21,541	1,632,646

Lease Liability:

	As of 31-Mar-23 (US $)	31-Mar-23 (₹)	31-Mar-22 (US $)	31-Mar-22 (₹)
Lease Liability				
Current	–	–	22,948	1,739,286
	–	–	22,948	1,739,286

Impact for the period	FY 2022-23 (US $)	FY 2022-23 (₹)	FY 2021-22 (US $)	FY 2021-22 (₹)
Depreciation expense	21,541	1,770,028	95,638	7,248,643
Interest on Lease Liability	49	4,026	1,815	137,563
	21,590	1,774,054	97,453	7,386,206

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022 (Contd.)

NOTE G - INCOME TAXES

The income taxes expense consists of the following:

	Year ended			
	2023 (US $)	**2023 (₹)**	2022 (US $)	2022 (₹)
Federal Taxes				
Current	**1,347,920**	**110,758,586**	63,676	4,826,163
Deferred	**(101,399)**	**(8,331,956)**	613,910	46,529,774
State and local taxes				
Current	**295,253**	**24,260,939**	14,439	1,094,368
Deferred	**(39,159)**	**(3,217,695)**	116,563	8,834,601
Total current expense	**1,502,615**	**123,469,874**	808,588	61,284,906

Deferred tax assets and liabilities consist of the following:

	2023 (US $)	**2023 (₹)**	2022 (US $)	2022 (₹)
Provision for Doubtful Debts	**51,385**	**4,222,305**	54,881	4,159,568
Depreciation under State Taxes	**1,529**	**125,638**	4,790	363,046
Depreciation under Federal Taxes	**(56,326)**	**(4,628,307)**	(21,990)	(1,666,677)
Accrued vacation	**361,142**	**29,675,038**	353,808	26,815,993
Accrued bonus	**716,712**	**58,892,226**	396,377	30,042,404
ESOS Expense	**149,467**	**12,281,703**	229,736	17,412,266
Prepaid Expenses	**(41,082)**	**(3,375,708)**	(46,209)	(3,502,296)
Foreign tax credit carry-over	**113,778**	**9,349,138**	183,040	13,873,059
Lease Depreciation and Interest	–	–	1,614	122,329
	1,296,605	**106,542,033**	1,156,047	87,619,692

NOTE H – OTHER CURRENT ASSETS

	Year Ended			
	2023 (US $)	**2023 (₹)**	2022 (US $)	2022 (₹)
Prepaid Expenses	**149,770**	**12,306,601**	191,026	14,478,337
Security Deposit	**19,500**	**1,602,315**	19,500	1,477,954
	169,270	**13,908,916**	210,526	15,956,291

NOTE I – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	Year Ended			
	2023 (US $)	**2023 (₹)**	2022 (US $)	2022 (₹)
Provisions for Employee benefits	**4,279,069**	**351,611,099**	3,061,245	232,019,421
Other Provisions and accrued liabilities	**6,904,298**	**567,326,167**	4,800,920	363,873,756
	11,183,367	**918,937,266**	7,862,165	595,893,177

NOTE J – SALE OF SERVICES

	2023 (US $)	**2023 (₹)**	2022 (US $)	2022 (₹)
Time & Material	**88,415,690**	**7,265,117,247**	83,542,981	6,331,931,388
Fixed Price	**56,119,651**	**4,611,351,723**	49,266,379	3,734,022,030
	144,535,341	**11,876,468,970**	132,809,360	10,065,953,418

NOTE K – UNEARNED REVENUE

Unearned Revenue consists of amounts received or billed in advance of services performed. Unearned Revenue has been reflected in the Balance Sheet under Current Liabilities in the amount of US $ 603,274 (INR 49,571,025) and US $ 236,308 (INR 17,910,338) as at March 31, 2023 and 2022, respectively.

Revenue recognized in FY 2022-23 that was included as Unearned Revenue balance at the beginning of the FY 2022-23 was US $ 219,637 (INR 18,047,572).

NOTE L - CONCENTRATION OF CREDIT RISK AND SIGNIFICANT CUSTOMERS

A significant portion of the Company's sales are to several key customers, some of which are also agencies providing software consulting services to commercial entities and software developers. Three such key customers accounted for approximately 23% (10%, 7% and 6%) and approximately 25% (9%, 9% and 7%) of the Company's revenues for the years ended March 31, 2023, and 2022, respectively.

Accounts receivable from these customers approximated 23% (11%, 4% and 8%) and 30% (14%, 10% and 6%) of total accounts receivable as at March 31, 2023 and 2022, respectively. Additionally, one customer, that did not account under revenue concentration, accounted for 5% of the accounts receivables as of March 31, 2023.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to regulatory limits. The Company has not experienced any losses in such accounts.

NOTE M - EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) Savings Plan for qualified employees. Employees who are eligible, as defined by the plan documents, may contribute an amount not to exceed 100% of participant's compensation, up to the maximum annual elective contribution established by the Internal Revenue Service. The Company makes a Safe Harbor Matching Contribution equal to 100% on the first 3% of eligible earnings that are deferred as Elective Deferral and an additional 50% on the next 2% of eligible earnings. The 401(k) expense for the years ended March 31, 2023 and 2022 was US $593,065 (INR 48,732,141) and US $554,595 (INR 42,034,155), respectively.

NOTE N - LINE OF CREDIT

On November 8, 2022, the Company entered into a revolving line of credit agreement for a maximum borrowing of US $10,000,000 (INR. 821,700,000). Interest on this line of credit is chargeable at Secured Overnight Financing Rate plus 0.75%. There were no amounts outstanding as at March 31, 2023 on account of this credit facility.

NOTE O – CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debts US $ 440,000 (INR 36,154,800) (2022 – Nil), including interest and penalties on claims, estimated to be US $ 229,000 (INR 18,816,930) (2022 - Nil) towards income tax demand raised by Canadian Tax authorities.

NOTE P - SUBSEQUENT EVENTS

The Company evaluated subsequent events through May 2, 2023, which is the date on which the Financial Statements are issued. Based on this evaluation, the Company is not aware of any other events or transactions that would require recognition or disclosure in the financial statements.

REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended March 31, 2023.

The Corporation is a wholly owned subsidiary of ITC Infotech (USA), Inc., incorporated in the USA.

Principal Activities

The Corporation is engaged in providing consumer and market research, business consulting and other advisory services. The Corporation is also engaged in trading activities, including marketing and distribution of consumer packaged goods.

Financial Results

(US $)

Year Ended March 31,	2023	2022
Total Revenue	4,155,522	420,999
Operating Income / (Loss)	802,892	13,239
Profit/(Loss) After Tax	802,892	13,239

Business Review

The Corporation continues to provide business consulting and other advisory services to ITC Limited, India (ITC). These services primarily include trendspotting, market evaluation and research, and analysis of emerging regulatory frameworks, competition trends, and consumer preferences in identified business segments. The Corporation also undertakes trading including supply, marketing, and distribution of consumer packaged goods sourced from ITC. During the year, the Corporation ventured into supply and distribution of whole wheat flour in the international markets. The Revenue generated from the trading business was US$ 3,666,716 during the year (2022: US$ 25,176).

Directors

In terms of Article III Clause 4(c) of the By-Laws of the Corporation, Mr. N. K. Jasper was appointed as a Director of the Corporation with effect from July 21, 2022, to hold office until the next Annual Meeting of the Shareholders of the Corporation.

Consequent to his resignation, Mr. S. Dutta ceased to be a Director of the Corporation with effect from July 22, 2022.

All the Directors of the Corporation viz., Messrs. N. K. Jasper, (Ms.) B. Parameswar and S. Roy will retire at the next Annual Meeting, and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Date: May 2, 2023

Bhavani Parameswar
Director & President

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ITC Infotech (USA), Inc. and Subsidiary.

Opinion

We have audited the consolidated financial statements of ITC Infotech (USA), Inc. and subsidiary (the "Company"), which comprise the consolidated balance sheets as of March 31, 2023 and 2022, and the related consolidated statements of operations and retained earnings and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note B[1] to the financial statements, the Indian Rupee equivalent figures have been included in the financial statements as required by the parent company of the Company for informational purposes only and is not a representation in conformity with principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and forthe design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for theAudit 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information Included in the Report of the Directors

Management is responsible for the other information included in the Report of the Directors. The other information comprises the information included in the Report of the Directors but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte Haskins & Sells LLP
Bengaluru, India
Date: May 2, 2023

BALANCE SHEETS AS OF MARCH 31,

	2023 (US $)	2023 (₹)	2022 (US $)	2022 (₹)
Assets				
Current assets				
Cash and cash equivalents	**2,310,245**	**189,832,832**	99,421	7,535,367
Inventory	**81,726**	**6,715,425**	13,437	1,018,424
Accounts receivable	**7,562**	**621,370**	2,072	157,050
Due from ITC Limited, net	–	–	38,721	2,934,753
Other current assets	**79,066**	**6,496,853**	53,243	4,035,420
Total current assets	**2,478,599**	**203,666,480**	206,894	15,681,014
Property and equipment	5,932	487,432	7,070	535,853
Less: Accumulated depreciation and amortization	**4,761**	**391,211**	4,896	371,080
	1,171	**96,221**	2,174	164,773
	2,479,770	**203,762,701**	209,068	15,845,787
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	**22,041**	**1,811,109**	11,928	904,053
Accrued expenses and other current liabilities	**1,409,636**	**115,829,789**	6,195	469,535
Accrued payroll and payroll taxes	**63,835**	**5,245,322**	63,835	4,838,214
Due to ITC Limited, net	**54,256**	**4,458,216**	–	–
Total current liabilities	**1,549,768**	**127,344,436**	81,958	6,211,802
Stockholder's equity				
Paid up Capital	**100,000**	**8,217,000**	100,000	7,579,250
Retained earnings	**830,002**	**68,201,265**	27,110	2,054,735
Total Stockholder's equity	**930,002**	**76,418,265**	127,110	9,633,985
	2,479,770	**203,762,701**	209,068	15,845,787

On behalf of the Board

Date: May 2, 2023

Bhavani Parameswar
Director and President

Soumyarup Roy
Director

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS FOR THE YEARS ENDED MARCH 31,

	2023 (US $)	2023 (₹)	2022 (US $)	2022 (₹)
Revenue				
Service income- Related party	**488,806**	**40,165,189**	395,823	30,000,415
Total Service income	**488,806**	**40,165,189**	395,823	30,000,415
Sale of Traded Goods	**3,666,716**	**301,294,054**	25,176	1,908,152
Total Revenue	**4,155,522**	**341,459,243**	420,999	31,908,567
Cost of revenues, principally employment costs	**636,559**	**52,306,053**	373,417	28,302,208
Purchase of Stock-in-trade	**2,763,951**	**227,113,854**	32,098	2,432,788
Change in Inventories of Stock-in-trade	**(68,289)**	**(5,611,307)**	2,245	170,154
Cost of Sales	**2,695,662**	**221,502,547**	34,343	2,602,942
Gross profit	**823,301**	**67,650,643**	13,239	1,003,417
General and administrative expenses	**20,409**	**1,677,007**	–	–
Operating Income	**802,892**	**65,973,636**	13,239	1,003,417
Less: Income tax	–	–	–	–
Net Income	**802,892**	**65,973,636**	13,239	1,003,417
Retained earnings at beginning of year	**27,110**	**2,227,629**	13,871	1,051,318
Retained earnings at end of year	**830,002**	**68,201,265**	27,110	2,054,735

On behalf of the Board

Date: May 2, 2023

Bhavani Parameswar
Director and President

Soumyarup Roy
Director

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31,

	2023 (US $)	2023 (₹)	2022 (US $)	2022 (₹)
Cash flows from operating activities				
Net income	**802,892**	**65,973,636**	13,239	1,003,417
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	**1,003**	**82,417**	970	73,519
(Increase) decrease in assets				
Inventory	**(68,289)**	**(5,611,307)**	2,244	170,078
Accounts receivable	**(5,490)**	**(451,113)**	(1,056)	(80,037)
Due from ITC Limited, net	**38,721**	**3,181,705**	(9,618)	(728,972)
Other current assets	**(25,823)**	**(2,121,876)**	61	4,624
Increase (decrease) in liabilities				
Accounts payable	**10,113**	**830,985**	(232)	(17,584)
Accrued expenses and other liabilities	**1,403,441**	**115,320,747**	(7,593)	(575,492)
Accrued payroll and payroll taxes	**–**	**–**	(37,335)	(2,829,712)
Due to ITC Limited, net	**54,256**	**4,458,216**	–	–
Net cash used in operating activities	**2,210,824**	**181,663,410**	(39,320)	(2,980,159)
Cash flows from investing activities				
Net cash used in investing activities	**–**	**–**	–	–
Cash flows from financing activities	**–**	**–**	–	–
Net cash used in financing activities	**–**	**–**	–	–
Net decrease in cash and cash equivalents	**2,210,824**	**181,663,410**	(39,320)	(2,980,159)
Cash and cash equivalents at beginning of year	**99,421**	**8,169,422**	138,741	10,515,526
Cash and cash equivalents at end of year	**2,310,245**	**189,832,832**	99,421	7,535,367

On behalf of the Board

Date: May 2, 2023

Bhavani Parameswar
Director and President

Soumyarup Roy
Director

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022

NOTE A - BUSINESS BACKGROUND AND PRINCIPAL TRANSACTIONS WITH AFFILIATES

Indivate Inc. (the "Company") was formed as a New Jersey State incorporated company and 100% of the shareholder interest is owned by ITC Infotech (USA), Inc.

It is engaged in providing business consulting services to related party entities that operate in India. The Company is also engaged in trading activities wherein the Company is purchasing goods and distributing/marketing the same in USA and other countries.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation:

The financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), the country of formation. The amounts are represented in U.S. dollars. Accounting policies and disclosures have been given which are relevant to and materially affect the Company's financial position, cash flows, or results of operations.

Convenience translation (unaudited)

As required by ITC Infotech India Ltd., the sole shareholder of the Parent Company, the Indian Rupee equivalent figures, arrived at by applying the year end interbank exchange rate of US $1 = INR 82.17 for the fiscal year ended March 31, 2023 (2022: US$1 = INR 75.7925) as provided by the Sole shareholder of the Parent Company, have been included solely for informational purposes and is not in conformance with the provisions of FASB ASC 830-30 – Foreign Currency Matters – Translation of Financial Statements and U.S. GAAP.

[2] Use of estimates:

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although actual results could differ from those estimates, in the opinion of the management such estimates would not materially affect the financial statements.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the notes on 1) Recognition of revenue 2) Accounts Receivable 3) Property and equipment.

[3] Inventory:

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes product cost from the Company's suppliers, as well as applicable inbound freight, import duties, taxes, insurance and logistics and other handling fees. Net realisable value is the estimated selling price less estimated costs for completion and sale. Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

[4] Recognition of revenue:

Service revenue is based upon services provided by the Company on customer assignments and is recognized when the work is performed. Substantially, the customers are invoiced on a monthly basis.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods is shown excluding taxes such as State Sales tax which are payable in respect of sale of goods. Revenue from the sale of goods is recognized when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.

[5] Cash and cash equivalents:

For the purpose of reporting cash flows, the Company considers all deposits in cash accounts which are not subject to withdrawal restrictions or penalties to be cash or cash equivalents.

[6] Accounts receivable:

Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are generally due within 30 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company creates an allowance for accounts receivable based on historical experience, management's evaluation of outstanding accounts receivable and based on risk assessment, which are conducted regularly and considers all aspects with respect to debts such as invoice ageing, credit information from credit reports of its customers. Amounts are written off when they are deemed uncollectible.

[7] Property and Equipment:

Property and equipment purchased are stated at cost. Depreciation is provided under the straight-line method based upon the estimated useful lives of the assets, with such lives ranging between three to ten years.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022 (Contd.)

[8] Summary of recent accounting pronouncements:

In June 2016, FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses, which require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is to be deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The new guidance is effective for fiscal years beginning after December 15, 2022. The amendment should be applied through a modified retrospective approach. Early adoption as of the fiscal years beginning after December 15, 2018 is permitted. The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

[9] Employee benefit plans:

The Company maintains a 401(k) Savings Plan for qualified employees. Employees who are eligible, as defined by the plan documents, may contribute an amount not to exceed 100% of participant's compensation, up to the maximum annual elective contribution established by the Internal Revenue Service. The Company makes a Safe Harbor Matching Contribution equal to 100% on the first 3% of eligible earnings that are deferred as Elective Deferral and an additional 50% on the next 2% of eligible earnings. The 401(k) expense for the years ended March 31, 2023 and 2022 was US $ 10,414 (INR 855,686) and US $ 7,806 (INR 591,629), respectively.

[10] Income taxes:

In accordance with the Federal and State Corporate tax laws in USA, the income tax liability is computed on a combined basis by ITC Infotech (USA), Inc. (the parent company of the Company in USA) and a combined tax return is filed including its subsidiary, the Company. Hence, the income tax expenses, related current and deferred tax assets/liabilities are accounted on a combined basis by ITC Infotech (USA), Inc. in its financial statements.

NOTE C – RELATED PARTY TRANSACTIONS

The Company has entered into various transactions with its related parties as follows:

	2023 (US $)	2023 (₹)	2022 (US $)	2022 (₹)
Transactions with ITC Limited				
Service / Account Management fees / others recognized as revenue by Indivate	488,806	40,165,189	395,823	30,000,415
Purchase of Goods	161,771	13,292,723	21,262	1,611,500
Re-imbursement of Expenses from ITC Limited	78,588	6,457,576	–	–
Trademark License fee	167,300	13,747,041	–	–
Marketing expenses	–	–	150	11,346

The receivable/ payable amount as on 31st March, 2023 and 31st March, 2022 for related parties have been disclosed in the Balance Sheet.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated useful lives (Years)	As of 31-Mar-23 (US $)	31-Mar-23 (₹)	31-Mar-22 (US $)	31-Mar-22 (₹)
Computers etc.	3	2,572	211,340	3,710	281,190
Office equipment	5	639	52,507	639	48,432
Furniture and fixtures	10	2,721	223,585	2,721	206,231
		5,932	487,432	7,070	535,853
Less: Accumulated depreciation		(4,761)	(391,211)	(4,896)	(371,080)
Property and equipment, net		1,171	96,221	2,174	164,773

The depreciation expense recognized in the Statement of Operations is as follows:

	FY 2022-23 (US $)	FY 2022-23 (₹)	FY 2021-22 (US $)	FY 2021-22 (₹)
Depreciation expense	1,003	82,417	970	73,519

NOTE E – OTHER CURRENT ASSETS

	31-Mar-23 (US $)	31-Mar-23 (₹)	31-Mar-22 (US $)	31-Mar-22 (₹)
Prepaid Expenses	26,566	2,182,928	743	56,314
Security Deposit	52,500	4,313,925	52,500	3,979,106
Total	79,066	6,496,853	53,243	4,035,420

NOTE F – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31-Mar-23 (US $)	31-Mar-23 (₹)	31-Mar-22 (US $)	31-Mar-22 (₹)
Other Provisions and accrued liabilities	547,720	45,006,152	6,195	469,535
Advance from customers	861,916	70,823,637	–	–
Total	1,409,636	115,829,789	6,195	469,535

NOTE G – SUBSEQUENT EVENTS

The Company evaluated subsequent events through May 2, 2023 which is the date on which the Financial Statements are issued. Based on this evaluation, the Company is not aware of any other events or transactions that would require recognition or disclosure in the financial statements.

DIRECTORS REPORT

Your Directors are pleased to submit their Report and the Audited Accounts of the Company for the year ended 32nd Asadh, 2079 (16th July, 2022).

SOCIO-ECONOMIC AND REGULATORY ENVIRONMENT

The year under review began in the midst of the second wave of COVID-19 pandemic in Nepal. Vaccination drives and other containment measures, adopted by the Government of Nepal, enabled progressive recovery in economic activities. As a result, GDP growth during the year is estimated at 5.8% compared to 4.2% during the previous year. However, new challenges have emerged in the form of rising inflation and Balance of Payment (BOP) deficit.

Consumer price inflation remained elevated during the year, touching 8.1% in Asadh, 2079 (July, 2022), primarily due to higher fuel and commodity prices propelled by geo-political developments.

On the external sector, Trade Deficit grew by 23% to NRs. 1,720 billion (Rs. 1,075 billion) owing to significant increase in imports of fuel, vehicles, machineries, and medicines. While the tourism sector has shown signs of recovery, foreign tourist arrivals are still well below the pre-pandemic level. Remittances from Nepali citizens working abroad, which is a major source of Forex for the Country, increased marginally by 4.8% to NRs. 1,007 billion (Rs. 629 billion). Consequently, Current Account Deficit stood at NRs. 623 billion (Rs 389 billion) (NRs. 334 billion Last Year) (Rs. 209 billion Last Year) and the BOP also turned negative at NRs. 255 billion (Rs. 159 billion) (NRs. 1 billion surplus Last Year) (Rs. 625 million surplus last year), equivalent to 12.8% and 5.3% of Nepal's GDP, respectively. The Government has taken various initiatives to curb the exponential growth of imports and promote domestic production in a bid to contain the burgeoning deficit on the Current Account and BOP.

The proactive steps taken by the Government of Nepal to address the immediate concerns on the external sector have been effective in protecting foreign exchange reserves in the short term; however, policies and reforms aimed towards encouraging Foreign Direct Investment (FDI) and incentivizing domestic manufacturing to substitute imports would be imperative for structural improvements in the external sector and engender macroeconomic stability. Policy measures and regulations that support technology transfer, contract manufacturing, contemporary laws on intellectual property, land acquisition, and allowing set-off of losses of one business with the profits of another business carried out by the same entity, etc., would go a long way in enhancing the competitiveness of domestic manufacturing industries.

The domestic legal cigarette industry occupies an important place in Nepal's economy by virtue of:

- supporting the livelihoods of more than 5 lakh farmers, farm workers, retailers and others engaged in cultivation and trade of tobacco products;
- contributing around 3% of the total revenue collection and 12% of the total excise duty collection of the Government;
- building the Country's manufacturing competitiveness and industrial productivity – being amongst a handful of industries in which Nepal has sufficient domestic manufacturing capacity;
- being a significant contributor to the manufacturing GDP of the Country.

Despite its far-reaching economic impact, the legal cigarette industry continues to face significant challenges from an increasingly punitive and discriminatory taxation and regulatory regime. The operating environment for the legal cigarette industry in Nepal has been extremely challenging in view of steep increase in tax incidence in recent years. Apart from adversely impacting the legal cigarette industry in Nepal, this has driven consumption of tobacco to other moderately taxed/tax-evaded forms of tobacco products, including illegal cigarettes, chewing tobacco, *gutkha, zarda, khaini* and snuff, thereby sub-optimizing the revenue earning potential of the Government from this sector.

As per the STEPS Survey, 2019 carried out by the Nepal Health Research Council, there is a clear increase in the number of users of smokeless tobacco products during the period 2013 to 2019, while the number of smokers of manufactured cigarettes has decreased during the same period. As per a research report[1] published by Oxford University Press in 2020, people have migrated to smokeless tobacco products after taxes have been increased on cigarettes.

Unlike most countries, cigarettes account for a relatively lower share of total tobacco consumption in Nepal. Manufacture of smokeless tobacco products, which constitute the major share of tobacco consumption in Nepal, is widely dispersed and is highly prone to tax evasion, leading to major challenges in revenue administration. It is relevant to note that most of these products escape regulatory oversight and tend to be manufactured in unhygienic conditions with ingredients of questionable quality.

Excessive taxation on cigarettes over the years has created an extremely lucrative arbitrage opportunity for trade in illicit cigarettes. This has provided a fillip to illicit cigarette trade resulting in proliferation of counterfeit and smuggled products in the Country. Markets, particularly in Terai region and Kathmandu, have been flooded with smuggled international brands and counterfeits of domestic brands. Multiple instances of seizure of large quantities of smuggled cigarettes have been reported in the media during the year under review.

Illicit trade of cigarettes and the growth of non-smoking tobacco products have emerged as a serious threat to the domestic legal cigarette industry which is adversely impacting revenue collections and undermining the tobacco control policies of the Government. It is estimated that the revenue loss to the exchequer on account of illegal cigarettes, i.e. tax-evaded/counterfeit and other tobacco products is about NRs. 950 crores (Rs. 594 Crores) per annum. Your Company continues to engage with the revenue and enforcement authorities to highlight the rapidly growing menace of illegal cigarette trade in Nepal.

In addition to the discriminatory and punitive taxation regime, Nepal has one of the most stringent tobacco regulatory frameworks in the World. The requirement under Tobacco Products (Control & Regulatory) Act, 2068 (TOPCA) to carry extremely large Graphical Health Warnings (GHW) on cigarette packets impedes the legal cigarette industry from providing comprehensive brand information on the cigarette packet, thereby depriving consumers the opportunity of making fully informed choices. The consequential commoditization of the product, making price the prime driver of consumer choice across brands, fuels the increase in consumption of cheap smuggled cigarettes at the cost of revenue loss to the exchequer, besides leading to erosion in the value of your Company's distinctive trademarks and pack designs that have been developed and nurtured through substantial investments over time. Whilst the legal cigarette industry ensures scrupulous statutory compliance, smuggled international cigarette brands do not bear the GHW mandated under the laws of Nepal. Consequently, such cigarettes are perceived to be a "safer" alternative by many consumers besides being available at lower prices as stated above.

Notwithstanding the requirement to print GHW on at least 75% of the total surface area of the cigarette packet mandated under TOPCA, the Ministry of Health issued a new Directive in Kartik'71 (November, 2014) which, inter alia, requires manufacturers to simultaneously print multiple pictorial warnings and textual warnings on at least 90% of the total surface area of the cigarette packet. While the new Directive on GHW was challenged by industry players, including your Company, before the Hon'ble Supreme Court through different Writ Petitions, the Writ Petition filed by one of the industry players has been dismissed by the Divisional Bench of the Hon'ble Supreme Court. The detailed judgement on the same is yet to be released. Further, the Writ Petition filed by your Company is pending for disposal at the Constitutional Bench of the Hon'ble Supreme Court.

It is apprehended that a further increase in size of GHW will provide an added impetus to the growth of illicit trade and counterfeit products of dubious quality with consequential adverse impact on consumers, the Exchequer, and the legal cigarette industry. It should be noted that international experience indicates that extreme regulations do not reduce demand for tobacco, but merely shift it from legal to illegal tobacco products of suspect quality, thereby undermining public health objectives.

In addition to the TOPCA enacted by the Federal Government of Nepal, the Gandaki Province had, in Baishakh'76 (May, 2019), enacted the Tobacco Products (Control & Regulatory) Act, 2076 (Provincial TOPCA), which is applicable only in the said Province. Apart from the fact that the Provincial TOPCA has been enacted beyond jurisdiction, several of its provisions are inconsistent with those under Federal TOPCA. Industry players, including your Company, have challenged the constitutional validity of Provincial TOPCA; the Supreme Court's verdict on the matter is pending.

[1] Burden, prevention, and control of tobacco consumption in Nepal: a narrative review of existing evidence

Your Company continues to engage with policy makers for equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies that balance the economic imperatives of the Country and the tobacco control objectives, having regard to the unique tobacco consumption pattern in Nepal.

COMPANY PERFORMANCE

For the year ended 32nd Asadh, 2079, your Company posted Gross Revenue of NRs. 4,669 crores (Rs. 2,918 Crores) against NRs. 3,943 crores (Rs. 2,464 Crores) during the previous year. Profit for the year (after tax expense) stood at NRs. 1,042 crores (Rs. 651 Crores) (previous year: NRs. 942 crores) (previous year Rs 589 Crores). Earnings per share for the year stood at NRs. 517 (Rs. 323) (previous year: NRs. 467) (Previous Year (Rs.292). Net cash flows from operations aggregated NRs. 1,284 crores (Rs. 803 crores) compared to NRs. 885 crores (Rs. 553 crores) in the previous year.

CONTRIBUTION TO THE EXCHEQUER

Your Company is the largest contributor to the Exchequer, accounting for about 3% of the total revenues of the Government of Nepal.

For the year under review, your Company contributed NRs. 3,225 crores (Rs. 2,016 Crores) by way of Excise Duty, Health Risk Tax, Excise Sticker Charges, VAT, Customs Duty, Dividend Distribution Tax, Income Tax and Contribution to National Level Welfare Fund. Your Company's Excise Duty contribution to the Exchequer constitutes about 11% of the Government's total Excise Revenue while its VAT and Income Tax contributions constitute nearly 2% of the Government's aggregate revenue from these sources.

Like in the previous years, your Company, during the year under review, was felicitated by the Government of Nepal as the highest taxpayer in the Country.

DIVIDEND

The Board of Directors declared an Interim Dividend of NRs. 86 (Rs 54) per Ordinary Share for the year ended 32nd Asadh, 2079. Your Board has also recommended a Final Dividend of NRs. 430 (Rs. 269) per Ordinary Share, which if approved, will take the total Dividend for the year to NRs. 516 (Rs. 323) per Ordinary Share.

All Dividends declared in the previous years have been paid after obtaining necessary statutory approvals and there are no unclaimed dividends lying with your Company.

FAST MOVING CONSUMER GOODS (FMCG) BUSINESSES

- **CIGARETTES**

  Pandemic-induced disruptions rendered the operating environment extremely challenging in the first quarter of the year. Nevertheless, market standing was reinforced by leveraging the Company's robust portfolio of offerings, superior product quality, and a deep and wide distribution network. Differentiated and innovative offering under "Naulo" trademark launched during the year received encouraging response.

  The Company's manufacturing systems continued to set new benchmarks in responsiveness, quality, and productivity. Various initiatives including installation of state-of-art technologies and process automation were implemented during the year towards further strengthening the manufacturing systems. Agility of the supply chain coupled with proactive scenario planning ensured continuity of manufacturing operations amidst the disturbances caused by the second and third wave of COVID-19 pandemic. Assessment and mitigation of supply chain risks remains a key focus area towards proactively addressing the heightened uncertainty in the environment and ensuring uninterrupted supply to the market.

  Your Company continues to make efforts to consolidate its market standing by leveraging its robust portfolio of brands that have been developed and nurtured over time.

  Relentless focus on developing world-class products anchored on innovation and benchmarked international quality standards remains a key source of sustainable competitive advantage for your Company.

- **OTHER FMCG**

  <u>**Agarbatti**</u>

  Your Company continued to strengthen its market standing by leveraging a differentiated product portfolio, sharply focused marketing investments and best-in-class product availability across target markets. The product range straddles all segments and price points, offering consumers a variety of fragrances and packaging formats backed by a robust trade marketing and distribution infrastructure. New offers of 'Mangaldeep Treya' and 'Mangaldeep Jasmine 100' strengthened portfolio presence in the Popular Segment. The supply chain continues to be adaptive and flexible, catering to seasonal demand variations.

  <u>**Safety Matches**</u>

  The financial viability of the Safety Matches Business in the Country has been adversely impacted due to a secular decline in consumption as reflected in declining volumes over the years along with lower profitability. In view of the same, the Board of Directors have approved closure of the Safety Matches Business.

  <u>**Branded Packaged Food Products - Confectionery**</u>

  With progressive opening of markets, post the pandemic led disruptions in the first half of last year, your Company launched two new offers 'Toffichoo Cofitino' and 'Toffichoo Crème Lacto' and continues to make focused investments towards strengthening its market standing.

  The Company's facility at Biratnagar is equipped with modern technology and has the capability of manufacturing a wide range of innovative products which have been rolled out across the nation under the "Toffichoo" & "Mint-o" brands licensed from ITC Limited.

- **LEAF TOBACCO**

  Your Company, in its endeavor to improve usage and marketability of tobacco crop and to enhance farmer returns, continues to make focused interventions towards improving the quality and productivity of domestic grades of tobacco cultivated in the Country through the introduction of sustainable agriculture practices. While export of leaf tobacco produced in Nepal continued during the year, efforts are being made to scale up the business with a view to support domestic tobacco farmers and boost the foreign exchange earnings of the Country.

- **HOTELS**

  Your Company, during the year, has received statutory approval for construction of a luxury hotel in Kathmandu. Various aspects of the project are being further evaluated.

ENVIRONMENT HEALTH AND SAFETY (EHS)

Your Company continues to adopt various initiatives in Environment, Health & Safety (EHS) to remain a benchmark manufacturing facility in the Country.

The Simara Manufacturing Unit was felicitated with the "Best Factory" award in the Madhesh Province by the Department of Labor & Occupational Health for due compliance with Occupational Health & Safety related regulations.

TAX MATTERS

As reported in earlier years, the Inland Revenue Department had issued Show Cause Notices ("SCNs") and raised demands related to Excise Duty, Income Tax and Value Added Tax ("VAT") on the basis of alleged theoretical production of cigarettes for the period prior to 16th July, 2008.

The Hon'ble Supreme Court of Nepal ("Supreme Court") vide its orders dated 29th October, 2009 and 1st April, 2010 had set aside the Excise Duty demands for the Financial Year 1998-1999 to 2002-2003 and the Income Tax demand for FY 2001-2002, in this matter. Subsequently, the Inland Revenue Department has also set aside similar demands for FY 2001-2002 and 2007-2008 in respect of VAT and Income Tax demand for FY 2005-2006.

Your attention is drawn to Note 30 (vi) (a) in the 'Notes to the Financial Statements' with respect to the demands raised and SCNs issued by the Department for various financial years on similar grounds. These demands and a SCN on theoretical production for different years were challenged by your Company by way of Writ Petitions in the Hon'ble Supreme Court between the years 2007 to 2010.

The Writ Petitions regarding various tax demands and a SCN mentioned hereinabove were disposed of by the Hon'ble Supreme Court on 15th April, 2021 holding that the Company should avail the alternate remedy by way of appeal to the Inland Revenue Department (IRD). The Company is currently pursuing legal remedy in line with the observations/directions provided in the judgements of Hon'ble Supreme Court. The Management considers that all the demands listed above have no legal and factual basis and accordingly is of the view that there is no liability that is likely to arise, particularly since the issue underlying these demands has already been settled by the Hon'ble Supreme Court in favour of the Company.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

Your Company continues to follow a systems-based approach to risk management. The Corporate Governance Policy of your Company lays down the structure, roles, and responsibilities of the key entities in the governance process and mandates periodic review of critical areas of operations. Robust internal control systems consisting of the following key elements are also in place:

- Organizational policies for key areas of operations e.g., Financial Policies and Procedures, IT Policy, etc. and a Risk Management Policy.
- Comprehensive Standard Operating Procedures (SOPs) across all areas of operations which ensure appropriate segregation of duties, tiered approval mechanisms and maintenance of supporting records.
- Maintenance of Books of Accounts through use of ERP (SAP) with appropriate transactional controls built in.
- An independent, periodic risk based internal audit across functions and businesses.

Automation and digitalization of processes across all areas of operations remained a key focus area during the year under review.

There is a constant focus on regular reviews and continuous improvement of systems, policies, and internal controls to ensure that various risks associated with the Company's businesses and operations are adequately addressed and appropriate risk mitigation plans are put in place.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

Your Company continues to support and invest in initiatives towards building the societal and economic capital of the Nation. Towards this endeavor, as part of CSR, following initiatives were undertaken during the year under review:

- assisted farmers in areas proximate to the Company's operating locations in creation of agri-infrastructure like vermicompost pits, harvesting sheds, and provided training and development towards improvement in productivity and other income generating activities;
- supported the animal husbandry sector by providing extension services covering animal breeding, health, and nutrition to drive yield improvement and higher returns for farmers;
- contributed towards improvement in quality of education in public schools in the economic vicinity of the Company's operating locations through:
  - ✓ partnership with "Teach for Nepal" in Tanahun and Parsa district.
  - ✓ development of educational infrastructure - Relocation of a public school near Seratar at a new spacious location and commencement of infrastructure development work during the year.
  - ✓ augmenting existing educational infrastructure of public schools through establishment of computer labs, libraries etc.
- assisted in development of local public infrastructure like construction of roads, small scale irrigation projects, river embankments, sports facilities, community hospital buildings in the catchment areas of operating locations.

Considering the continuing need of resources in health care infrastructure, your Company continued to provide support to the COVID-19 Unified Central Hospital (Bir Hospital) - national focal hospital for treatment of COVID-19 patients. During the year, your Company also partnered with the Nepal Army in the mountain cleaning campaign which involved cleaning of four different mountain peaks namely the Mt. Everest, Mt. Lhotse, Mt. Kanchenjunga, and Mt. Manaslu. Various initiatives in environment preservation like plantation, development of watershed area, garbage management were also undertaken during the year.

EMPLOYMENT GENERATION

Your Company continues to be one of the largest employment generators in the Country creating direct/indirect employment for more than one lakh people in the Country comprising farmers, farm workers and others involved in manufacturing, distribution, and sales. Further, the Agarbatti Business provides employment opportunities to economically disadvantaged sections of the society, especially women. The strategy of diversifying the business portfolio also complements the Company's role of a responsible corporate citizen by creating enablers for generating employment opportunities as well as sustainable economic surplus for the Nation.

EMPLOYEES

Your Company has a strong employer equity in the Country and the terms and conditions of employment offered by your Company remain competitive. Employee relations in the Company continued to be harmonious.

The talent management strategy is focused on making the Company customer centric, performance driven and future ready. A comprehensive capability development program to cater to the needs of existing as well as new businesses is already in place. Through various interventions under this program, the Company is building leadership pipeline, strengthening learning culture & building both functional and managerial capabilities.

Amidst intermittent disruptions in operations due to the COVID-19 pandemic during the year, employees of your Company displayed extraordinary resilience and deep commitment which made it possible to effectively service consumer demand. Your Directors place on record their sincere appreciation for the contribution made by the employees during the year under review.

The total number of employees as on 16th July, 2022 stood at 580.

DIRECTORS

Mr. Sandeep Kaul and Mr. Devraj Lahiri were appointed as Director and Alternate Director to Mr. Sanjiv Puri, Chairman, respectively, upon their nomination by ITC Limited, with effect from 6th July, 2022.

Mr. B. Sumant and Mr. Sandeep Kaul ceased to be Director and Alternate Director to Mr. Sanjiv Puri respectively, effective 6th July, 2022.

Mr. Ravi Kumar Rayavaram was appointed as the Managing Director of your Company with effect from 1st March 2022. Mr. Abhimanyu Kumar Poddar, ceased to be the Managing Director of the company on completion of his term on 28th February 2022.

The Directors would like to place on record their sincere appreciation for the services rendered by Mr. Abhimanyu Kumar Poddar as the Managing Director and Mr. B. Sumant as a Director of your Company.

There was no other change in the composition of the Board of Directors.

The details of shares held by the Directors in the Company as on 32nd Asadh, 2079 are annexed to this Report **(Annexure I)**.

None of the Directors or their close relatives have any direct involvement or any personal interest in any transaction of sale or purchase or any kind of contract or arrangement connected with the business of your Company. No amounts are due to your Company from any of the Directors, the Managing Director, or their close relatives.

The details of payments made during the year to your Directors, the Managing Director and other officials are also annexed to this Report **(Annexure II).**

MANAGEMENT EXPENSES

Details of Management Expenses for the year 2078/79 (2021-22) are annexed to this Report **(Annexure III)**.

AUDITORS

Messrs. N Amatya & Co., Chartered Accountants, Kathmandu, Nepal and Messrs. T R Upadhya & Co., Chartered Accountants, Kathmandu, Nepal, auditors of your Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

FUTURE OUTLOOK

Your Company continues to explore opportunities for profitable and sustainable growth and looks forward to the future with confidence and stands committed to creating a brighter future for all stakeholders.

On behalf of the Board

Sanjiv Puri	Sandeep Kaul	Ravi Kumar Rayavaram
Chairman	Director	Managing Director

Date: 30th September, 2022 (14th Ashwin, 2079)

Annexure I

Sl. No.	Name of Director	Number of Ordinary Shares of NRs. 100/- each held singly and / or jointly as on 32nd Asadh, 2079 (16th July, 2022)
1.	Sanjiv Puri	Nil
2.	Supratim Dutta	Nil
3.	Shashi Raj Pandey	67,212
4.	Rajendra Kumar Singhi	Nil
5.	Sandeep Kaul	Nil
6.	Siddhartha SJB Rana	2,088
7.	Ravi Kumar Rayavaram	Nil

Annexure II

AMOUNT OF REMUNERATION AND ALLOWANCE PAID AND FACILITIES PROVIDED TO DIRECTOR, MANAGING DIRECTOR, CHIEF EXECUTIVE AND COMPANY OFFICIALS

During the Financial Year 2078/79 (2021-22), the following amounts have been paid to the Directors:

- Board Meeting Fee - NRs. 17,647 (Rs.11,029)
- Incidental expenses - Nil

Payment to/on behalf of the Managing Director for the Financial Year 2078/79 (2021-22):

- Salary - NRs. 23,104,769 (Rs. 14,440,481)
- Allowances - NRs. 14,156,777 (Rs. 8,847,986)

The Managing Director has also been provided with the following:

- Furnished accommodation with necessary security at residence.
- Company car with driver and telephone at residence.
- Fuel for generator and reimbursement of water tanker charges for residence.
- Entrance fees and annual subscription charges for two clubs.
- Personal accident insurance.

Payment to/on behalf of Company officials for the Financial Year 2078/79 (2021-22):

- Salary - NRs. 53,134,317 (Rs. 33,208,948)
- Allowances - NRs. 31,533,458 (Rs. 19,708,411)

Some of the other Company officials, have also been provided with the following:

- Personal accident insurance.
- Company car and telephone at residence.

The Managing Director and other officials also receive benefits/facilities from your Company Level Welfare Fund under the Labour Act, 2074 and Rules made thereunder, as may be decided by the Labour Relation Committee.

The Managing Director and some other employees of your Company have been granted stock options by the Holding Company (ITC Limited) under the Employee Stock Option Scheme(s). Such options were granted at 'market price' [within the meaning of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. Since these options are not tradeable, no benefit is conferred upon the employee at the time of grant of options. Your Company, however, has recorded employee benefits expense by way of share-based payments to employees in accordance with Nepal Financial Reporting Standards-2, out of which NRs. 2,992,805 (Rs. 1,870,503) is attributable to Managing Directors and NRs. 1,929,471 (Rs. 1,205,919) is attributable to other officials. During the year, 4,300 options were granted to the Managing Director and 10,100 options were granted to other employees of your Company.

Annexure III

MANAGEMENT EXPENSES

The expenses incurred by your Company for its management and administration for the Financial Year 2078/79 (2021-22) comprising rent, electricity, fuel & water, rates & taxes, insurance, repairs, safety & pollution control cost, maintenance, travel & conveyance, postage, telephone, bank charges, legal expenses, printing & stationery, consultancy charges, professional service charges & other fees, information technology services, business entertainment expenses, board meeting fees, donations, books & periodicals, and miscellaneous expenses amounted to NRs. 1,549,830,640 (Rs. 968,644,150).

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SURYA NEPAL PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Surya Nepal Private Limited (the Company), which comprise the statement of financial position as at 32nd Asadh 2079 (16th July 2022), and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of 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 present fairly, in all material respects, the financial position of the Company as at 32nd Asadh 2079 (16th July 2022), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics for professional accountant issued by Institute of Chartered Accountants of Nepal (ICAN) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2063 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Code of Ethics for professional accountants. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the year ended on 32nd Asadh 2079 (16th July 2022). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition *(Refer Note 1 "Revenue" and Note 20 of the financial statements)*	
Revenue from sale of goods (hereinafter referred to as "Revenue") is recognised when the Company transfers significant risks and rewards of ownership to the customer, which is mainly upon delivery, the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure of evaluation of performance. There is a risk of revenue being recorded before significant risks and rewards of ownership are transferred.	Our audit procedures included the following: • Assessed the Company's accounting policies on revenue recognition in line with NFRS 15 (Revenue from contract with customers) and tested thereof. • Evaluated the integrity of the Company's general information and technology control environment and tested the operating effectiveness of IT application controls over Revenue recognition. • Performed detailed analysis of Revenue, analytical testing with monthly sales information filed with tax authorities, tested the timing of its recognition and accuracy of the amounts recognized and verification of the supporting information of the Revenue transactions. • Tested the supporting documentation for selected sample of sales transactions recorded during the period closer to the year end and subsequent to the year end to evaluate whether Revenue was recognised in the correct period.
Related party transactions *(refer Note 30(v) of the financial statements)*	
The Company has undertaken transactions with its related parties which include purchase of goods and services, advance payments in the ordinary course of business and dividend payments. We identified related party transactions as a key audit matter due to their significance and risk of such transactions remaining undisclosed.	Our audit procedures included the following: • Reviewed Company's processes and procedures in respect of identifying related parties, recording and disclosure of related party transactions in accordance with NAS 24. • Verified that the transactions are approved in accordance with internal procedures including involvement of key personnel at the appropriate level. • Tested, on a sample basis, related party transactions with the underlying contracts approved by the appropriate authority, wherever necessary, confirmation letters and other supporting documents. • Agreed the related party information disclosed in the financial statements with the underlying supporting documents, on a sample basis.
Litigations – Contingencies *(refer Note 1 "claims" and "provisions" and Note 30(vi) of the financial statements*	
	Our audit procedures included the following:
The Company has ongoing litigations on Excise, Income Tax and Value Added Tax (VAT) which could have a significant impact on results, if the potential exposures were to materialize. The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective. Claim against the Company not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matter involved. The outcome of such litigation is uncertain and the position taken by the Company involves significant judgement and estimation to determine the likelihood and / or timing of the cash outflows.	• Obtained and read the Company's accounting policies in respect of claims, provisions and contingent liabilities to assess compliance with the applicable Accounting Standard (NAS 37). • Assessed the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. Supporting documentation were tested for the positions taken by the management and meetings were conducted with in-house legal team, to test the operating effectiveness of these controls. • Assessed in accordance with accounting standard, the provisions in respect of litigations and assessed disclosures relating thereto, including those for contingencies.

Information other than the financial statements and auditors' report thereon

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with NFRSs, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 NSAs 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 NSAs, we exercise professional judgement and maintain professional skepticism 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 management.
- Conclude on the appropriateness of management's 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 fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics for professional accountants regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the statement of financial position as at 32nd Asadh 2079 (16th July 2022), the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended have been prepared in accordance with the requirements of the Company Act, 2063 and are in agreement with the books of account of the Company and proper books of account as required by law have been kept by the Company.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company.

Nem Lal Amatya	**Shashi Satyal**
Partner	Partner
N. Amatya & Co.	T R Upadhya & Co.
Chartered Accountants	Chartered Accountants
UDIN :221011CA00034bSsJe	UDIN :221012CA00008ygH5T

Date: 14th Ashwin 2079 (September 30, 2022)

Place: Kathmandu

STATEMENT OF FINANCIAL POSITION AS AT 32ND ASADH 2079 (16TH JULY 2022)

	Note	Figures in NRs. As at 32nd Asadh 2079 (16th July 2022)	Figures in Rs. As at 32nd Asadh 2079 (16th July 2022)	Figures in NRs. As at 31st Asadh 2078 (15th July 2021)	Figures in Rs. As at 31st Asadh 2078 (15th July 2021)
ASSETS					
NON-CURRENT ASSETS					
a) Property, Plant and Equipment	3A	4,054,903,049	2,534,314,408	4,173,861,600	2,608,663,500
b) Capital Work-in-Progress	3B	168,549,335	105,343,335	371,380,698	232,112,936
c) Intangible Assets	3C	22,094,465	13,809,040	24,436,551	15,272,844
d) Intangible Assets under Development	3D	–	–	2,119,539	1,324,712
e) Right of use assets	3E	63,287,391	39,554,620	–	–
f) Financial Assets					
i) Loans	4	23,920,462	14,950,289	25,909,298	16,193,311
ii) Others	5	880,825	550,516	880,825	550,516
g) Deferred Tax Assets (Net)	6	205,609,959	128,506,224	154,451,328	96,532,080
h) Other Non-Current Assets	7	1,587,513,049	992,195,656	2,995,621,602	1,872,263,501
CURRENT ASSETS					
a) Inventories	8	4,673,881,096	2,921,175,693	6,409,458,559	4,005,911,599
b) Financial Assets					
i) Trade Receivables	9	32,511,444	20,319,653	18,179,734	11,362,334
ii) Cash and Cash Equivalents	10	152,614,129	95,383,831	120,756,862	75,473,039
iii) Other Bank Balances	11	10,000,074,526	6,250,046,579	6,264,471,508	3,915,294,693
iv) Loans	4	4,064,522	2,540,326	5,733,332	3,583,333
v) Others	5	63,439,518	39,649,699	4,192,730	2,620,456
c) Other Current Assets	7	954,295,027	596,434,393	524,170,966	327,606,854
TOTAL ASSETS		**22,007,638,797**	**13,754,774,262**	**21,095,625,132**	**13,184,765,708**
EQUITY AND LIABILITIES					
EQUITY					
a) Equity Share Capital	12	2,016,000,000	1,260,000,000	2,016,000,000	1,260,000,000
b) Other Equity		13,682,220,660	8,551,387,922	12,692,242,761	7,932,651,725
LIABILITIES					
NON-CURRENT LIABILITIES					
a) Financial Liabilities					
i) Lease Liabilities	13	31,946,405	19,966,503	–	–
b) Provisions	14	187,899,455	117,437,160	188,819,553	118,012,221
CURRENT LIABILITIES					
a) Financial Liabilities					
i) Borrowings	15	1,347,831,417	842,394,636	1,398,557,780	874,098,613
ii) Trade Payables	16	1,157,855,928	723,659,955	1,253,442,130	783,401,331
iii) Lease Liabilities	13	32,294,985	20,184,366	–	–
iv) Other Financial Liabilities	17	1,837,781,101	1,148,613,191	1,626,517,046	1,016,573,154
b) Other Liabilities	18	935,068,193	584,417,621	1,319,388,858	824,618,036
c) Provisions	14	49,205,426	30,753,391	24,328,152	15,205,095
d) Current Tax Liabilities (Net)	19	729,535,227	455,959,517	576,328,852	360,205,533
TOTAL EQUITY AND LIABILITIES		**22,007,638,797**	**13,754,774,262**	**21,095,625,132**	**13,184,765,708**

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

This is the Statement of Financial Position referred to in our Report of even date.

Vikas Bhutra
Vice President, FInance

Ravi K Rayavaram
Managing Director

Siddhartha SJB Rana
Director

S Dutta
Director

S Puri
Chairman

S R Pandey
Director

S Kaul
Director

R K Singhi
Director

Nem Lal Amatya
Partner
N. Amatya & Co.
Chartered Accountants

Shashi Satyal
Partner
T R Upadhya & Co.
Chartered Accountants

Date: 14th Ashwin 2079 (30th September 2022)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 32ND ASADH 2079 (16TH JULY 2022)

	Note	Figures in NRs. As at 32nd Asadh 2079 (16th July 2022)	Figures in Rs. As at 32nd Asadh 2079 (16th July 2022)	Figures in NRs. As at 31st Asadh 2078 (15th July 2021)	Figures in Rs. As at 31st Asadh 2078 (15th July 2021)
Gross Revenue from sale of products	20	**46,688,254,699**	**29,180,159,187**	**39,429,061,441**	**24,643,163,401**
Less: Duties	21	19,702,211,299	12,313,882,062	14,983,278,656	9,364,549,160
Net Revenue from sale of products		**26,986,043,400**	**16,866,277,125**	**24,445,782,785**	**15,278,614,241**
Other Operating Revenue	22	27,834,096	17,396,310	46,607,715	29,129,822
Net Revenue from operations		**27,013,877,496**	**16,883,673,435**	**24,492,390,500**	**15,307,744,063**
Raw Materials Consumed etc.	23	6,734,498,518	4,209,061,574	6,038,224,907	3,773,890,567
Employee Benefits Expenses	24	2,455,401,520	1,534,625,950	2,255,759,356	1,409,849,598
Manufacturing, Admin, Selling Expenses etc.	25	2,865,311,986	1,790,819,994	2,495,495,423	1,559,684,643
Operating Profit		**14,958,665,472**	**9,349,165,917**	**13,702,910,814**	**8,564,319,255**
Other Income	26	687,100,535	429,437,834	492,943,496	308,089,685
Finance Cost	27	25,890,096	16,181,311	35,721,154	22,325,721
Depreciation and Amortization Expenses		618,518,836	386,574,268	613,973,451	383,733,407
Profit before Tax		**15,001,357,075**	**9,375,848,172**	**13,546,159,705**	**8,466,349,812**
Tax Expense	28	4,577,663,044	2,861,039,404	4,129,734,068	2,581,083,793
Profit for the year		**10,423,694,031**	**6,514,808,768**	**9,416,425,637**	**5,885,266,019**
Other Comprehensive Income					
(i) Items that will not be reclassified to profit or loss:					
- Remeasurements of defined benefit plans	29.a	(27,137,332)	(16,960,833)	11,027,372	6,892,108
(ii) Income tax relating to items that will not be reclassified to profit or loss	28	8,141,200	5,088,250	(3,308,211)	(2,067,632)
Other Comprehensive Income		**(18,996,132)**	**(11,872,583)**	**7,719,161**	**4,824,476**
Total Comprehensive Income for the year		**10,404,697,899**	**6,502,936,185**	**9,424,144,798**	**5,890,090,495**

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

This is the Statement of Profit or Loss and Other Comprehensive Income referred to in our Report of even date.

Vikas Bhutra
Vice President, FInance

Ravi K Rayavaram
Managing Director

Siddhartha SJB Rana
Director

S Dutta
Director

S Puri
Chairman

S R Pandey
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Partner
N. Amatya & Co.
Chartered Accountants

Shashi Satyal
Partner
T R Upadhya & Co.
Chartered Accountants

Date: 14th Ashwin 2079 (30th September 2022)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 32ND ASADH 2079 (16TH JULY 2022)

A. Equity Share Capital

Figures in NRs. | Figures in ₹

	Balance at the beginning of the reporting year (NRs.)	Changes in equity share capital during the year (NRs.)	Balance at the end of the reporting year (NRs.)	Balance at the beginning of the reporting year (₹)	Changes in equity share capital during the year (₹)	Balance at the end of the reporting year (₹)
For the year ended 31st Asadh 2078 (15th July 2021)	2,016,000,000	-	2,016,000,000	1,260,000,000	-	1,260,000,000
For the year ended 32nd Asadh 2079 (16th July 2022)	**2,016,000,000**	**-**	**2,016,000,000**	**1,260,000,000**	**-**	**1,260,000,000**

B. Other Equity

Figures in NRs. | Figures in ₹

	Reserves and Surplus (NRs.)			Items of Other Comprehensive Income (NRs.)	Total (NRs.)	Reserves and Surplus (₹)			Items of Other Comprehensive Income (₹)	Total (₹)
	General Reserve	Employees' Housing Reserve	Retained Earnings	Remeasurement of Net Defined Benefit Plan		General Reserve	Employees' Housing Reserve	Retained Earnings	Remeasurement of Net Defined Benefit Plan	
Balance as at 31st Asadh 2077 (15th July 2020)	**108,778,401**	**2,556,108,099**	**10,474,625,483**	**(33,334,020)**	**13,106,177,963**	**67,986,501**	**1,597,567,561**	**6,546,640,927**	**(20,833,759)**	**8,191,361,230**
Profit for the year	-	-	9,416,425,637	-	9,416,425,637	-	-	5,885,266,019	-	5,885,266,019
Other Comprehensive Income (net of tax)	-	-	-	7,719,161	7,719,161	-	-	-	4,824,476	4,824,476
Total Comprehensive Income for the year	**-**	**-**	**9,416,425,637**	**7,719,161**	**9,424,144,798**	**-**	**-**	**5,885,266,019**	**4,824,476**	**5,890,090,495**
Interim Dividend	-	-	(1,632,960,000)	-	(1,632,960,000)	-	-	(1,020,600,000)	-	(1,020,600,000)
Final Dividend	-	-	(8,205,120,000)	-	(8,205,120,000)	-	-	(5,128,200,000)	-	(5,128,200,000)
Total	-	-	(421,654,363)	7,719,161	(413,935,202)	-	-	(263,533,981)	4,824,476	(258,709,505)
Balance as at 31st Asadh 2078 (15th July 2021)	**108,778,401**	**2,556,108,099**	**10,052,971,120**	**(25,614,859)**	**12,692,242,761**	**67,986,501**	**1,597,567,561**	**6,283,106,946**	**(16,009,283)**	**7,932,651,725**
Profit for the year	-	-	10,423,694,031	-	10,423,694,031	-	-	6,514,808,768	-	6,514,808,768
Other Comprehensive Income (net of tax)	-	-	-	(18,996,132)	(18,996,132)	-	-	-	(11,872,583)	(11,872,583)
Total Comprehensive Income for the year	**-**	**-**	**10,423,694,031**	**(18,996,132)**	**10,404,697,899**	**-**	**-**	**6,514,808,768**	**(11,872,583)**	**6,502,936,185**
Interim Dividend	-	-	(1,572,480,000)	-	(1,572,480,000)	-	-	(982,800,000)	-	(982,800,000)
Final Dividend	-	-	(7,842,240,000)	-	(7,842,240,000)	-	-	(4,901,400,000)	-	(4,901,400,000)
Transferred from Employees' Housing Reserve	-	(347,423,364)	347,423,364	-	-	-	(217,139,603)	217,139,603	-	-
Total	-	(347,423,364)	1,356,397,395	(18,996,132)	989,977,899	-	(217,139,603)	847,748,371	(11,872,583)	618,736,185
Balance as at 32nd Asadh 2079 (16th July 2022)	**108,778,401**	**2,208,684,735**	**11,409,368,515**	**(44,610,991)**	**13,682,220,660**	**67,986,501**	**1,380,427,958**	**7,130,855,329**	**(27,881,866)**	**8,551,387,922**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 32ND ASADH 2079 (16TH JULY 2022)

For the year ended 32nd Asadh 2079 (16th July 2022), the Board of Directors of the Company at its meeting held on 14th Ashwin 2079 (30th September 2022) have:

a) declared interim dividend of NRs. 86/- (Rs. 53.75) per share, amounting to NRs. 1,733,760,000 (Rs. 1,083,600,000) and

b) recommended final dividend of NRs. 430/- (Rs. 268.75) per share amounting to NRs. 8,668,800,000 (Rs. 5,418,000,000).

General Reserve: The reserve is an outcome of appropriation from one component of equity to another, neither being an item of other comprehensive income. It can be distributed / utilized by the Company.

Employees' Housing Reserve: Reserve represents the amounts set aside for providing employees' housing as per the provisions of the erstwhile Labour Act, 2048, which has since been replaced by the Labour Act, 2074.

Retained Earnings: This reserve represents the cumulative profits of the Company and can be distributed / utilized by the Company.

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

This is the Statement of Changes in Equity referred to in our Report of even date.

Vikas Bhutra Vice President, FInance	**Ravi K Rayavaram** Managing Director	**Siddhartha SJB Rana** Director	**S Dutta** Director	**S Puri** Chairman
S R Pandey Director	**S Kaul** Director	**R K Singhi** Director	**Nem Lal Amatya** Partner N. Amatya & Co. Chartered Accountants	**Shashi Satyal** Partner T R Upadhya & Co. Chartered Accountants

Date: 14th Ashwin 2079 (30th September 2022)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 32ND ASADH 2079 (16TH JULY 2022)

	Figures in NRs. For the year ended 32nd Asadh 2079 (16th July 2022)	Figures in ₹ For the year ended 32nd Asadh 2079 (16th July 2022)	Figures in NRs. For the year ended 31st Asadh 2078 (15th July 2021)	Figures in ₹ For the year ended 31st Asadh 2078 (15th July 2021)
A Cash Flow From Operating Activities				
Profit Before Tax	15,001,357,075	9,375,848,172	13,546,159,705	8,466,349,812
Adjustments for :				
Depreciation and amortization expenses	618,518,836	386,574,268	613,973,451	383,733,407
Finance Cost	25,890,096	16,181,311	35,721,154	22,325,721
Interest on Short Term / Call Deposits	(676,674,250)	(422,921,406)	(497,909,221)	(311,193,263)
Foreign currency translations and transactions - Net	(18,753,669)	(11,721,041)	8,959,045	5,599,403
Loss / (Gain) on sale of property, plant and equipment - Net	(5,937,270)	(3,710,794)	(12,803,891)	(8,002,432)
Liability no longer required written back	(5,612,432)	(3,507,770)	(38,385,849)	(23,991,156)
Doubtful and bad advances	–	–	(340,542)	(212,839)
Operating Profit Before Working Capital Changes	**14,938,788,386**	**9,336,742,740**	**13,655,373,852**	**8,534,608,653**
Adjustments for :				
Trade Receivables, Loans, Advances and Other Assets	948,470,445	592,794,030	(80,244,925)	(50,153,078)
Inventories	1,735,577,463	1,084,735,906	(902,290,299)	(563,931,437)
Trade Payables, Other Liabilities and Provisions	(299,364,141)	(187,102,586)	350,722,783	219,201,739
Cash Generated From Operation	**173,234,72,153**	**10,827,170,090**	**13,023,561,411**	**8,139,725,877**
Income Tax Paid	(4,481,890,440)	(2,801,181,525)	(4,176,599,201)	(2,610,374,501)
Net Cash From Operating Activities (A)	**12,841,581,713**	**8,025,988,565**	**8,846,962,210**	**5,529,351,376**
B Cash Flow From Investing Activities				
Purchase of property, plant and equipment, Intangibles etc.	(248,629,886)	(155,393,677)	(474,656,663)	(296,660,414)
Disposal of property, plant and equipment	11,268,694	7,042,936	19,549,613	12,218,508
Investment in Bank Deposits (Original Maturity more than 3 months)	(12,385,600,000)	(7,741,000,000)	(6,514,400,000)	(4,071,500,000)
Redemption / Maturity of Bank Deposits (Original Maturity more than 3 months)	8,650,000,000	5,406,250,000	8,072,900,000	5,045,562,500
Interest Received	646,621,349	404,138,345	530,075,152	331,296,970
Net Cash Used in Investing Activities (B)	**(3,326,339,843)**	**(2,078,962,396)**	**1,633,468,102**	**1,020,917,564**
C Cash Flow From Financing Activities				
Interest Paid	(11,723,916)	(7,327,446)	(15,006,841)	(9,379,276)
Dividends Paid	(9,414,720,000)	(5,884,200,000)	(9,838,080,000)	(6,148,800,000)
Payment of Lease Liabilities	(6,915,302)	(4,322,062)	–	–
Net Cash Used in Financing Activities (C)	**(9,433,359,218)**	**(5,895,849,508)**	**(9,853,086,841)**	**(6,158,179,276)**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**81,882,652**	**51,176,661**	627,343,471	392,089,664
Opening Cash and Cash Equivalents	(1,281,766,035)	(801,103,777)	(1,909,109,506)	(1,193,193,441)
Closing Cash and Cash Equivalents	**(1,199,883,383)**	**(749,927,116)**	**(1,281,766,035)**	**(801,103,777)**

Notes:

1 The above Statement of Cash Flows has been prepared under the “Indirect Method” as set out in NAS - 7 “Statement of Cash Flows ”.

2 Cash and Cash Equivalents:

Cash and Cash Equivalents as above	(1,199,883,383)	(749,927,116)	(1,281,766,035)	(801,103,777)
Unrealised gain / (Loss) on foreign currency cash and cash equivalents	4,666,095	2,916,311	3,965,117	2,478,203
Current Borrowings (Note 15)	1,347,831,417	842,394,636	1,398,557,780	874,098,613
Cash and Cash Equivalents (Note 10)	**152,614,129**	**95,383,831**	**120,756,862**	**75,473,039**

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

This is the Statement of Cash Flows referred to in our Report of even date.

Vikas Bhutra
Vice President, FInance

Ravi K Rayavaram
Managing Director

Siddhartha SJB Rana
Director

S Dutta
Director

S Puri
Chairman

S R Pandey
Director

S Kaul
Director

R K Singhi
Director

Nem Lal Amatya
Partner
N. Amatya & Co.
Chartered Accountants

Shashi Satyal
Partner
T R Upadhya & Co.
Chartered Accountants

Date: 14th Ashwin 2079 (30th September 2022)

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements have been prepared in accordance with requirements of Company Act, 2063 of Nepal and applicable Nepal Financial Reporting Standards (NFRS) and the relevant presentation requirements thereof. The Company adopted NFRS from 1st Shrawan, 2073 (16th July, 2016).

Basis of Preparation

These financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of NFRS 2 – Share Based Payment, leasing transactions that are within the scope of NFRS 16 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in NAS 2 – Inventories or value in use in NAS 36 - Impairment of Assets.

The preparation of financial statements in conformity with NFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in NAS 1 - Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Property, Plant & Equipment – Tangible Assets

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of Property, Plant and Equipment are depreciated in a manner that amortises the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives on a straight line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	3 – 60 Years
Plant and Equipment	9 – 15 Years
Furniture and Fixtures	10 Years
Vehicles	6 – 10 Years
Office Equipment	5 Years
Computers	3 – 6 Years

Property, plant and equipment's residual values and useful lives are reviewed at each Statement of Financial Position date and changes, if any, are treated as changes in accounting estimate.

Intangible Assets

Intangible Assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g., licences) or the likelihood of technical, technological obsolescence (e.g., computer software). If, there are no such limitations, the useful life is taken to be indefinite.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

Software is amortised over a period of five years.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit or Loss and Other Comprehensive Income. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and / or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

Impairment of Assets

Impairment loss, if any, is provided to the extent the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Foreign Currency Transactions

The functional and presentation currency of the Company is Nepalese Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/Losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Derivatives

The Company uses derivative financial instruments, such as forward exchange contracts to hedge its foreign currency risks. Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Financial instrument, Financial assets and Financial liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial assets

Recognition: Financial assets include Investments, Trade receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit or Loss and Other Comprehensive Income.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/ or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the NFRS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit or Loss and Other Comprehensive Income unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Statement of Financial Position.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Statement of Financial Position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods supplied, net of returns and discounts to customers. Revenue from the sale of goods includes excise duty, health risk tax and sticker charges payable by the Company but excludes amounts collected on behalf of third parties, such as value added tax.

Revenue from the sale of goods and services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the periods in which such services are rendered.

Dividend Distribution

Dividends paid is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Employee Benefits

The Company provides for both defined benefit and defined contribution schemes.

Contribution to defined contribution schemes (Provident Fund and Social Security Fund for certain employees) are charged as expense based on the amount of contribution required to be made as and when services are rendered by the employee.

The Company also provides for defined benefits in the form of Gratuity and other retirement benefits in respect of certain employees. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit or Loss and Other Comprehensive Income. Gain or Loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur. Gratuity is funded and deposited with the designated funds as per applicable laws, towards meeting the Gratuity obligation. Other retirement benefits are unfunded.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Employee Share Based Compensation

The cost of options granted under the ITC Employee Stock Option Scheme to employees of ITC Limited ("ITC") seconded to the Company at its request is measured at the fair value of the options as on the grant date. The fair value of awards at grant date is calculated using the Black Scholes Option Pricing Model. The cost of stock options is recognised in the Statement of Profit or Loss and Other Comprehensive Income with a corresponding payable, when such reimbursement is sought by ITC.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease. The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method.

Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

Taxes on Income

Taxes on income comprises current taxes and deferred taxes. Current tax in the Statement of Profit or Loss and Other Comprehensive Income is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

2. **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

A. Useful lives of property, plant and equipment and intangible assets:

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

B. Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit or Loss and in Other Comprehensive Income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

C. Claims, Provisions and Contingent Liabilities:

The Company has ongoing litigations with various regulatory authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

[Amount in NRs]

Particulars	Gross Block							Depreciation and Amortization							Net Block	
	As at 31.03.2077 (15.07.2020)	Additions	Withdrawals/ Adjustments	As at 32.03.2078 (15.07.2021)	Additions	Withdrawals/ Adjustments	As at 32.03.2079 (16.07.2022)	Upto 31.03.2077 (15.07.2020)	For the Year	On Withdrawals/ Adjustments	Upto 31.03.2078 (15.07.2021)	For the Year	On Withdrawals/ Adjustments	Upto 32.03.2079 (16.07.2022)	As at 32.03.2079 (16.07.2022)	As at 31.03.20778 (15.07.2021)
3A. Property, Plant and Equipment																
Land and Land Development	305,147,856	–	–	305,147,856	–	–	305,147,856	–	–	–	–	–	–	–	305,147,856	305,147,856
Buildings	2,293,630,526	12,091,054	–	2,305,721,580	292,662,419	–	2598,383,999	861,512,754	64,456,403	–	925,969,157	74,497,298	–	1,000,466,455	1,597,917,544	1,379,752,423
Plant and Equipment	7,844,720,453	182,723,917	–	8,027,444,370	81,824,800	–	8,109,269,170	5,261,500,447	487,272,369	–	5,748,772,816	469,177,237	–	6,217,950,053	1,891,319,117	2,278,671,554
Furniture and Fixtures	82,664,273	355,226	2,031,615	80,987,884	5,428,229	5,207,344	81,208,769	56,397,051	5,939,780	1,763,371	60,573,460	5,576,933	4,771,316	61,379,077	19,829,692	20,414,424
Vehicles	172,825,196	50,371,219	39,821,883	183,374,532	103,553,348	25,448,433	261,479,447	109,045,093	21,188,637	33,757,596	96,476,134	23,178,709	20,588,579	99,066,264	162,413,183	86,898,398
Computers	184,108,115	40,899,441	780,000	224,227,556	4,821,015	18,792,236	210,256,335	132,813,356	21,208,630	397,364	153,624,622	21,490,493	18,769,169	156,345,946	53,910,389	70,602,934
Office Equipment	118,454,607	3,567,250	387,287	121,634,570	2,929,714	865,573	123,698,711	78,744,069	10,873,222	356,732	89,260,559	10,925,982	853,098	99,333,443	24,365,268	32,374,011
Total	**11,001,551,026**	**290,008,107**	**43,020,785**	**11,248,538,348**	**491,219,525**	**50,313,586**	**11,689,444,287**	**6,500,012,770**	**610,939,041**	**36,275,063**	**7,074,676,748**	**604,846,652**	**44,982,162**	**7,634,541,238**	**4,054,903,049**	**4,173,861,600**
3B. Capital Work-in-Progress	**167,991,140**	**441,132,901**	**237,743,343**	**371,380,698**	**181,513,955**	**384,345,318**	**168,549,335**	–	–	–	–	–	–	–	**168,549,335**	**371,380,698**
3C. Intangible Assets																
Capitalised Software	**289,597,298**	**26,998,432**	-	**316,595,730**	**3,460,797**	-	**320,056,527**	**289,124,769**	**3,034,410**	-	**292,159,179**	**5,802,883**	-	**297,962,062**	**22,094,465**	**24,436,551**
3D. Intangible assets under development	**18,001,979**	**11,115,992**	**26,998,432**	**2,119,539**	**1,341,258**	**3,460,797**	-	-	-	-	-	-	-	-	-	**2,119,539**
3E. Right of Use Assets																
Building	–	–	–	–	**71,156,692**	–	**71,156,692**	–	–	–	–	**7,869,301**	–	**7,869,301**	**63,287,391**	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

[Amount in ₹]

Particulars	Gross Block							Depreciation and Amortization							Net Block	
	As at 31.03.2077 (15.07.2020)	Additions	Withdrawals/ Adjustments	As at 31.03.2078 (15.07.2021)	Additions	Withdrawals/ Adjustments	As at 32.03.2079 (16.07.2022)	Upto 31.03.2077 (15.07.2020)	For the Year	On Withdrawals/ Adjustments	Upto 31.03.2078 (15.07.2021)	For the Year	On Withdrawals/ Adjustments	Upto 32.03.2079 (16.07.2022)	As at 32.03.2079 (16.07.2022)	As at 31.03.2078 (15.07.2021)
3A. Property, Plant and Equipment																
Land and Land Development	190,717,410	-	-	190,717,410	-	-	190,717,410	-	-	-	-	-	-	-	190,717,410	190,717,410
Buildings	1,433,519,079	7,556,909	-	1,441,075,988	182,914,012	-	1,623,990,000	538,445,475	40,285,252	-	578,730,727	46,560,807	-	625,291,534	998,698,466	862,345,261
Plant and Equipment	4,902,950,284	114,202,448	-	5,017,152,732	51,140,499	-	5,068,293,231	3,288,437,778	304,545,231	-	3,592,983,009	293,235,774	-	3,886,218,783	1,182,074,448	1,424,169,723
Furniture and Fixtures	51,665,171	222,016	1,269,759	50,617,428	3,392,643	3,254,590	50,755,481	35,248,157	3,712,363	1,102,107	37,858,413	3,485,583	2,982,073	38,361,923	12,393,558	12,759,015
Vehicles	108,015,747	31,482,012	24,888,677	114,609,082	64,720,844	15,905,271	163,424,655	68,153,183	13,242,898	21,098,498	60,297,583	14,486,693	12,867,862	61,916,414	101,508,241	54,311,499
Computers	115,067,572	25,562,151	487,500	140,142,223	3,013,134	11,745,148	131,410,209	83,008,348	13,255,394	248,353	96,015,389	13,431,558	11,730,731	97,716,216	33,693,993	44,126,834
Office Equipment	74,034,131	2,229,531	242,054	76,021,608	1,831,069	540,983	77,311,694	49,215,043	6,795,763	222,956	55,787,850	6,828,738	533,186	62,083,402	15,228,292	20,233,758
Total	**6,875,969,394**	**181,255,067**	**26,887,990**	**7,030,336,471**	**307,012,201**	**31,445,992**	**7,305,902,680**	**4,062,507,984**	**381,836,901**	**22,671,914**	**4,421,672,971**	**378,029,153**	**28,113,852**	**4,771,588,272**	**2,534,314,408**	**2,608,663,500**
3B. Capital Work-in-Progress	**104,994,463**	**275,708,063**	**148,589,589**	**232,112,936**	**113,446,223**	**240,215,824**	**105,343,335**	-	-	-	-	-	-	-	**105,343,335**	**232,112,936**
3C. Intangible Assets																
Capitalised Software	**180,998,311**	**16,874,020**	-	**197,872,331**	**2,162,998**	-	**200,035,329**	**180,702,981**	**1,896,506**	-	**182,599,487**	**3,626,802**	-	**186,226,289**	**13,809,040**	**15,272,844**
3D. Intangible assets under development	**11,251,237**	**6,947,495**	**16,874,020**	**1,324,712**	**838,286**	**2,162,998**	-	-	-	-	-	-	-	-	-	**1,324,712**

3E. Right of Use Assets																
Building	-	-	-	-	**44,472,933**	-	**44,472,933**	-	-	-	-	**4,918,313**	-	**4,918,313**	**39,554,620**	-

1. The amount of expenditures recognised in the carrying amount of property, plant and equipment in the course of construction is NRs. 2,199,795 {Rs. 1,374,872} (2077/78 - NRs. 1,843,579 {Rs. 1,152,237}).

2. The amortization expense of intangible assets have been included under 'Depreciation and Amortization expense' in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 32nd Asadh 2079 (16th July 2022)	Figures in ₹ As at 32nd Asadh 2079 (16th July 2022)	Figures in NRs. As at 31st Asadh 2078 (15th July 2021)	Figures in ₹ As at 31st Asadh 2078 (15th July 2021)
4. LOANS				
NON-CURRENT				
Employee Loans	23,920,462	14,950,289	25,909,298	16,193,311
Total	**23,920,462**	**14,950,289**	**25,909,298**	**16,193,311**
CURRENT				
Employee Loans	4,064,522	2,540,326	5,733,332	3,583,333
Total	**4,064,522**	**2,540,326**	**5,733,332**	**3,583,333**
5. OTHER FINANCIAL ASSETS				
NON-CURRENT				
Deposits	880,825	550,516	880,825	550,516
Total	**880,825**	**550,516**	**880,825**	**550,516**
CURRENT				
Interest Accrued on				
- Call and Other Deposit with Banks	30,107,481	18,817,176	95,014	59,384
- Commercial Advances	48,031	30,019	7,597	4,747
Derivative instruments not designated as hedging instruments	23,951,133	14,969,458	3,902,185	2,438,866
Recoverable from Holding Company	889,856	556,160	176,988	110,618
Claims Receivable	8,443,017	5,276,886	10,946	6,841
Total	**63,439,518**	**39,649,699**	**4,192,730**	**2,620,456**
6. DEFERRED TAX ASSETS /(LIABILITIES) (NET)				
Deferred Tax Assets	233,591,921	145,994,951	183,429,787	114,643,617
Less: Deferred Tax Liabilities	27,981,962	17,488,727	28,978,459	18,111,537
Deferred Tax Assets / (Liabilities) (Net)	205,609,959	128,506,224	154,451,328	96,532,080

Movement in Deferred Tax Assets / (Liabilities) Balances	Figures in NRs. Opening Balance	Figures in ₹ Opening Balance	Figures in NRs. Recognized in Profit or Loss	Figures in ₹ Recognized in Profit or Loss	Figures in NRs. Recognized in OCI	Figures in ₹ Recognized in OCI	Figures in NRs. Closing Balance	Figures in ₹ Closing Balance
2078/79								
Deferred Tax Assets in relation to:								
On Provision for Retirement and Other Employee Benefits	6,39,44,312	3,99,65,195	(9,54,047)	(5,96,279)	81,41,200	50,88,250	7,11,31,465	4,44,57,166
On Provision for Doubtful Advances	6,05,128	3,78,205	(270)	(169)	-	-	6,04,858	3,78,036
On Fiscal Allowances on Property, Plant and Equipment etc.	8,58,97,978	5,36,86,236	4,20,97,601	2,63,11,001	-	-	12,79,95,579	7,99,97,237
On Provision for Inventories	1,41,37,412	88,35,883	-	-	-	-	1,41,37,412	88,35,883
Other Timing Difference	1,88,44,957	1,17,78,098	8,77,650	5,48,531	-	-	1,97,22,607	1,23,26,629
Total Deferred Tax Assets	**18,34,29,787**	**11,46,43,617**	**4,20,20,934**	**2,62,63,084**	**81,41,200**	**50,88,250**	**23,35,91,921**	**14,59,94,951**
Deferred Tax Liabilities in relation to:								
On Overheads Allocation on Finished Goods	2,82,85,356	1,76,78,348	(64,05,187)	(40,03,241)	-	-	2,18,80,169	1,36,75,107
Other Timing Difference	6,93,103	4,33,189	54,08,690	33,80,431	-	-	61,01,793	38,13,620
Total Deferred Tax Liabilities	**2,89,78,459**	**1,81,11,537**	**(9,96,497)**	**(6,22,810)**	**-**	**-**	**2,79,81,962**	**1,74,88,727**
Deferred Tax Assets / (Liabilities) (Net)	**15,44,51,328**	**9,65,32,080**	**4,30,17,431**	**2,68,85,894**	**81,41,200**	**50,88,250**	**20,56,09,959**	**12,85,06,224**
2077/78								
Deferred Tax Assets in relation to:								
On Provision for Retirement and Other Employee Benefits	7,02,08,287	4,38,80,181	(29,55,764)	(18,47,353)	(33,08,211)	(20,67,632)	6,39,44,312	3,99,65,195
On Provision for Doubtful Advances	6,05,587	3,78,491	(459)	(287)	-	-	6,05,128	3,78,205
On Fiscal allowances on Property, Plant and Equipment etc.	7,12,20,190	4,45,12,619	1,46,77,788	91,73,618	-	-	8,58,97,978	5,36,86,236
On Provision for Inventories	2,06,59,112	1,29,11,944	(65,21,700)	(40,76,063)	-	-	1,41,37,412	88,35,883
Other Timing Difference	1,88,44,957	1,17,78,098	-	-	-	-	1,88,44,957	1,17,78,098
Total Deferred Tax Assets	**18,15,38,133**	**11,34,61,333**	**51,99,865**	**32,49,915**	**(33,08,211)**	**(20,67,632)**	**18,34,29,787**	**11,46,43,617**
Deferred Tax Liabilities in relation to:								
On Overheads Allocation on Finished Goods	3,21,29,724	2,00,81,077	(38,44,368)	(24,02,730)	-	-	2,82,85,356	1,76,78,348
Other Timing Difference	32,14,412	20,09,008	(25,21,309)	(15,75,818)	-	-	6,93,103	4,33,189
Total Deferred Tax Liabilities	**3,53,44,136**	**2,20,90,085**	**(63,65,677)**	**(39,78,548)**	-	-	**2,89,78,459**	**1,81,11,537**
Deferred Tax Assets / (Liabilities) (Net)	**14,61,93,997**	**9,13,71,248**	**1,15,65,542**	**72,28,463**	**(33,08,211)**	**(20,67,632)**	**15,44,51,328**	**9,65,32,080**

The Company has tax losses of NRs. 382,984,549 {Rs. 239,365,343} (2077/78 - NRs. 315,157,040 {Rs. 196,973,150}) for which no deferred tax assets have been recognised. These losses will expire between financial year 2079/80 (2022/23) to 2085/86 (2028/29).

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

		Figures in NRs. As at 32nd Asadh 2079 (16th July 2022)	Figures in ₹ As at 32nd Asadh 2079 (16th July 2022)	Figures in NRs. As at 31st Asadh 2078 (15th July 2021)	Figures in ₹ As at 31st Asadh 2078 (15th July 2021)
7.	**OTHER ASSETS**				
	NON-CURRENT				
	Capital Advances	10,474,008	6,546,255	20,984,934	13,115,584
	Advances other than Capital Advances				
	- Commercial Advances to Holding Company	1,266,009,108	791,255,693	2,890,930,235	1,806,831,397
	- Deposits				
	- With Statutory Authorities	302,737,392	189,210,870	75,413,892	47,133,683
	- Others	8,292,541	5,182,838	8,292,541	5,182,837
	Total	**1,587,513,049**	**992,195,656**	**2,995,621,602**	**1,872,263,501**
	CURRENT				
	Commercial Advances				
	- Green Leaf bought from Tobacco Farmers (net of loan disbursed by Bank)	1,359,316	849,573	397,260	248,287
	- Other Goods and Services	17,978,555	11,236,597	8,901,796	5,563,623
	Advance with Statutory Authorities	421,438,188	263,398,868	41,628,476	26,017,798
	Deposit with Statutory Authorities	360,297,269	225,185,793	297,073,933	185,671,208
	Employee Advances	74,964	46,853	510,707	319,192
	Unexpired Expenses	146,004,098	91,252,561	131,858,407	82,411,504
	Margin Money Deposit	7,142,637	4,464,148	43,800,387	27,375,242
	Total	**954,295,027**	**596,434,393**	**524,170,966**	**327,606,854**
8.	**INVENTORIES**				
	(At lower of cost and net realisable value)				
	Raw Materials (including in-transit)	2,559,409,927	1,5,996,31,207	2,052,293,047	1,282,683,153
	Stock - In - Process	367,658,623	2,297,86,642	242,116,699	151,322,937
	Finished Goods	1,496,895,659	9,355,59,787	3,878,753,116	24,24,220,698
	Stores and Supplies (including in-transit)	249,916,887	1,561,98,057	236,295,697	147,684,811
	Total	**4,673,881,096**	**29,211,75,693**	**6,409,458,559**	**4,005,911,599**
	The above includes goods in transit as under				
	Raw Materials	235,410,119	147,131,324	107,628,731	67,267,956
	Stores and Supplies	866,748	541,718	2,367,012	1,479,383
	Total	**236,276,867**	**147,673,042**	**109,995,743**	**68,747,339**

The cost of inventories recognised as an expense includes NRs. 5,437,505 {₹ 3,398,441} (2077/78: NRs. 2,639,400 {₹ 1,649,625}) in respect of write-downs of inventory to net realisable value.

9.	**TRADE RECEIVABLES (CURRENT)**				
	Secured, considered good	2,589,016	1,618,135	869,889	543,681
	Unsecured, considered good	29,922,428	18,701,518	17,309,845	10,818,653
	Total	**32,511,444**	**20,319,653**	**18,179,734**	**11,362,334**
10.	**CASH AND CASH EQUIVALENTS***				
	Cash on Hand	–	–	30,000	18,750
	Balances with Banks				
	- Current Accounts	77,316,833	48,323,021	22,875,681	14,297,301
	Short Term - Call Deposits	75,297,296	47,060,810	97,851,181	61,156,988
	Total	**152,614,129**	**95,383,831**	**120,756,862**	**75,473,039**

* Cash and cash equivalents include cash on hand, cheques on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

11.	**OTHER BANK BALANCES**				
	In Deposit Accounts *	10,000,000,000	6,250,000,000	6,264,400,000	3,915,250,000
	Earmarked Balance (Savings Account - Provident Fund)	74,526	46,579	71,508	44,693
	Total	**10,000,074,526**	**6,250,046,579**	**6,264,471,508**	**3,915,294,693**

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Statement of Financial Position date.

12.	**EQUITY SHARE CAPITAL**				
	Authorised				
	180,000,000 (2077/78 - 180,000,000) Ordinary Shares of NRs. 100/- {₹ 62.50} each	18,000,000,000	11,250,000,000	18,000,000,000	11,250,000,000
	Issued, Subscribed & Paid up				
	20,160,000 (2077/78 - 20,160,000) Ordinary Shares of NRs.100/- {₹ 62.50} each, fully paid	2,016,000,000	1,260,000,000	2,016,000,000	1,260,000,000
		2,016,000,000	**1,260,000,000**	**2,016,000,000**	**1,260,000,000**

Out of the above:

1. 16,800,000 Ordinary Shares were issued as fully paid up bonus shares in 2065-66 (2008-09).
2. 2,800,000 Ordinary Shares were issued as fully paid up bonus shares in 2060-61 (2003-04).
3. 280,000 Ordinary Shares were issued as fully paid up bonus shares in 2052-53 (1995-96).
4. 11,894,400 Ordinary Shares are held by the Holding Company, ITC Limited.

Reconciliation of number of Shares outstanding:

	Number of Shares			
At the beginning of the year	20,160,000	20,160,000	20,160,000	20,160,000
At the end of the year	**20,160,000**	**20,160,000**	**20,160,000**	**20,160,000**

Rights, preferences and restrictions attached to the Ordinary Shares

The Ordinary Shares of the Company, having par value of NRs. 100.00 {₹ 62.50} per share, rank pari passu in all respects including voting rights and entitlement to dividend.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 32nd Asadh 2079 (16th July 2022)	Figures in ₹ As at 32nd Asadh 2079 (16th July 2022)	Figures in NRs. As at 31st Asadh 2078 (15th July 2021)	Figures in ₹ As at 31st Asadh 2078 (15th July 2021)
13. LEASE LIABILITIES				
NON-CURRENT				
Lease Liabilities	31,946,405	19,966,503	-	-
Total	**31,946,405**	**19,966,503**	-	-
CURRENT				
Lease Liabilities	32,294,985	20,184,366	-	-
Total	**32,294,985**	**20,184,366**	-	-
Movement of Lease Liabilities during the year:				
Opening Lease Liabilities	-	-	-	-
New Leases recognised	71,156,692	44,472,933	-	-
Interest expense on Lease Liabilities	2,312,254	1,445,159	-	-
Payment of Lease Liabilities	(9,227,556)	(5,767,223)	-	-
Total	**64,241,390**	**40,150,869**	-	-
14. PROVISIONS				
NON-CURRENT				
Provision for Retirement and Other Employee Benefits [Refer Note 29]				
Retirement Benefits	65,619,929	41,012,456	78,480,358	49,050,224
Other Benefits	122,279,526	76,424,704	110,339,195	68,961,997
Total	**187,899,455**	**117,437,160**	**188,819,553**	**118,012,221**
CURRENT				
Provision for Retirement and Other Employee Benefits				
Retirement Benefits	41,201,647	25,751,029	4,460,186	2,787,616
Other Benefits	8,003,779	5,002,362	19,867,966	12,417,479
Total	**49,205,426**	**30,753,391**	**24,328,152**	**15,205,095**
15. BORROWINGS (CURRENT)				
Secured				
Overdrafts / Other Demand Loans from Banks*	1,347,831,417	842,394,636	1,398,557,780	874,098,613
Total	**1,347,831,417**	**842,394,636**	**1,398,557,780**	**874,098,613**

* Overdrafts / Other Demand Loans from Banks are secured by way of charge against certain property, plant and equipment, inventories, advances and trade receivables, both present and future.

	Figures in NRs. As at 32nd Asadh 2079 (16th July 2022)	Figures in ₹ As at 32nd Asadh 2079 (16th July 2022)	Figures in NRs. As at 31st Asadh 2078 (15th July 2021)	Figures in ₹ As at 31st Asadh 2078 (15th July 2021)
16. TRADE PAYABLES (CURRENT)				
Trade Payables for Goods and Services				
- Holding Company	665,754,110	416,096,319	855,033,506	534,395,941
- Others	492,101,818	307,563,636	398,408,624	249,005,390
Total	**1,157,855,928**	**723,659,955**	**1,253,442,130**	**783,401,331**
17. OTHER FINANCIAL LIABILITIES (CURRENT)				
Payable for Property, Plant and Equipment	91,398,171	57,123,857	56,021,131	35,013,207
Retention Money				
- For Property, Plant and Equipment	29,335,604	18,334,753	34,124,036	21,327,523
- Others	4,648,777	2,905,486	4,700,572	2,937,857
Payable for Employee Benefits	28,043,428	17,527,143	15,871,747	9,919,842
Provision for Employee's Bonus under The Bonus Act, 2030				
- Distribution by Company	310,774,916	194,234,323	289,454,540	180,909,088
- Deposit with Welfare Funds established under The Labour Act	949,229,776	593,268,610	850,972,021	531,857,513
- Deposit with National Level Welfare Fund established by Govt. of Nepal	406,812,761	254,257,976	364,702,295	227,938,934
Security Deposits from Customers	7,924,000	4,952,500	7,469,000	4,668,125
Interest Accrued but not due on current borrowings	-	-	74,378	46,486
Others (derivatives not designated as hedging instrument)	9,613,668	6,008,543	3,127,326	1,954,579
Total	**1,837,781,101**	**1,148,613,191**	**1,626,517,046**	**1,016,573,154**
18. OTHER LIABILITIES (CURRENT)				
Advances received from Customers	392,804,015	245,502,509	782,803,030	489,251,894
Statutory Liabilities	213,252,833	133,283,021	215,294,435	134,559,022
Provision for Corporate Social responsibility	278,994,003	174,371,252	269,292,530	168,307,831
Others	50,017,342	31,260,839	51,998,863	32,499,289
Total	**935,068,193**	**584,417,621**	**1,319,388,858**	**824,618,036**
19. CURRENT TAX LIABILITIES (NET)				
Provision for Income Tax	5,169,083,876	3,230,677,423	4,649,133,895	2,905,708,685
Less: Advance Tax paid / Withholding Tax deducted	(4,439,548,649)	(2,774,717,906)	(4,072,805,043)	(2,545,503,152)
Total	**729,535,227**	**455,959,517**	**576,328,852**	**360,205,533**

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 32nd Asadh 2079 (16th July 2022)	Figures in ₹ As at 32nd Asadh 2079 (16th July 2022)	Figures in NRs. As at 31st Asadh 2078 (15th July 2021)	Figures in ₹ As at 31st Asadh 2078 (15th July 2021)
20. GROSS REVENUE FROM SALE OF PRODUCTS				
FMCG				
- Cigarettes	461,29,103,000	28,830,689,375	38,917,441,344	24,323,400,840
- Branded Packaged Food Products	87,993,378	54,995,861	53,356,603	33,347,877
- Others (Agarbatti and Safety Matches)	409,523,153	255,951,971	421,817,689	263,636,056
Others				
- Unmanufactured Tobacco	61,635,168	38,521,980	36,445,805	22,778,628
Total	**46,688,254,699**	**29,180,159,187**	**39,429,061,441**	**24,643,163,401**
21. DUTIES				
Excise Duty	14,229,313,824	8,893,321,140	10,471,603,803	6,544,752,377
Health Risk Tax	5,356,955,440	3,348,097,150	4,401,626,000	2,751,016,250
Sticker Charges	115,942,035	72,463,772	110,048,853	68,780,533
Total	**19,702,211,299**	**12,313,882,062**	**14,983,278,656**	**9,364,549,160**
22. OTHER OPERATING REVENUE				
Liability no longer required written back	5,612,432	3,507,770	38,385,849	23,991,156
Provision for doubtful advance / debts written back	-	-	340,542	212,839
Miscellaneous Income	22,221,664	13,888,540	7,881,324	4,925,827
Total	**27,834,096**	**17,396,310**	**46,607,715**	**29,129,822**
23. RAW MATERIALS CONSUMED ETC.				
Leaf and Casing Materials	3,308,856,003	2,068,035,002	3,121,742,555	1,951,089,098
Wrapping Materials	3,021,597,542	1,888,498,464	2,545,503,955	1,590,939,972
Purchases and Contract Manufacturing Charges	323,090,254	201,931,409	340,636,911	212,898,069
Sugar, Liquid Glucose, Laminates, Jar etc.	40,387,895	25,242,434	24,631,671	15,394,794
	6,693,931,694	**4,183,707,309**	**6,032,515,092**	**3,770,321,933**
Allocation of overheads etc. on Finished Goods (manufactured)				
Opening	176,773,278	110,483,299	182,483,093	114,051,933
Closing	(136,206,454)	(85,129,034)	(176,773,278)	(110,483,299)
Total	**6,734,498,518**	**4,209,061,574**	**6,038,224,907**	**3,773,890,567**
24. EMPLOYEE BENEFITS EXPENSES				
Salaries, Wages and Allowances	695,778,495	434,861,559	664,770,839	415,481,774
Contribution to Provident and Other Funds	33,308,828	20,818,018	27,027,385	16,892,116
Provision for Retirement Benefits {Refer (I) of Note 29.a}	19,639,436	12,274,648	26,503,771	16,564,857
Cost of Stock Option Reimbursable	5,262,362	3,288,976	2,748,088	1,717,555
Labour and Staff Welfare	34,594,946	21,621,841	29,580,417	18,487,761
Provision for Employees' Bonus	1,666,817,453	1,041,760,908	1,505,128,856	940,705,535
Total	**2,45,54,01,520**	**1,534,625,950**	**2,255,759,356**	**1,409,849,598**
25. MANUFACTURING, ADMIN, SELLING EXPENSES ETC.				
Hired Machine Expenses	55,938,445	34,961,528	62,614,181	39,133,863
Rent	63,557,677	39,723,548	69,159,461	43,224,663
Electricity, Fuel and Water	113,061,307	70,663,317	102,918,065	64,323,791
Rates and Taxes	9,957,258	6,223,286	7,263,139	4,539,462
Insurance	125,330,788	78,331,743	118,369,773	73,981,108
Repairs- Depreciable Assets	182,263,203	113,914,502	172,214,400	107,634,000
Maintenance - Owned Properties	7,974,120	4,983,825	7,394,229	4,621,393
Maintenance - Other Properties	11,052,839	6,908,024	9,218,303	5,761,439
Safety and Pollution Control Cost	32,630,160	20,393,850	27,568,883	17,230,552
Consumption of Stores and Spare Parts *	41,203,918	25,752,449	31,307,102	19,566,939
Freight and Handling charges	65,411,520	40,882,200	60,716,332	37,947,708
Product and Packaging Development - Tools / Accessories	4,755,762	2,972,351	39,159,547	24,474,717
Product Development and License Fees	681,052,125	425,657,578	615,325,374	384,578,359
Advertising	12,835,520	8,022,200	6,657,592	4,160,995
Market Research	40,625,105	25,390,691	6,457,240	4,035,775
Trade Distribution Expenses	237,463,651	148,414,782	127,042,948	79,401,843
Information Technology Services	97,124,858	60,703,036	98,739,643	61,712,277
Travel and Conveyance	59,612,960	37,258,100	46,381,861	28,988,663
Training and Development	1,284,323	802,702	187,779	117,362
Postage, Telephone, etc.	3,809,820	2,381,138	4,404,904	2,753,065
Bank Charges and Commission	4,150,291	2,593,932	4,390,198	2,743,874
Audit Fees	1,225,000	765,625	1,225,000	765,625
Legal Fees	5,545,171	3,465,732	3,189,500	1,993,438
Printing and Stationery	7,988,214	4,992,634	7,572,308	4,732,693
Consultancy Charges	625,255,976	390,784,985	566,438,710	354,024,194
Professional Service Charges and Other Fees	171,372,431	107,107,769	138,849,988	86,781,243
Business Entertainment Expenses	7,453,101	4,658,188	5,090,052	3,181,283
Sponsorship	11,049,334	6,905,834	3,620,115	2,262,572
Board Meeting Fees	17,647	11,029	88,235	55,147
Donations	2,585,000	1,615,625	5,852,771	3,657,982
Books and Periodicals	164,325	102,703	137,680	86,050
Membership Fee	208,514	130,321	359,931	224,957
(Gain)/Loss on Property, Plant and Equipment Sold / Discarded (Net)	(5,937,270)	(3,710,794)	(12,803,891)	(8,002,432)
Corporate Social Responsibility	168,365,399	105,228,374	152,033,218	95,020,761
Miscellaneous Expenses {Refer (iv) of Note 30}	18,923,494	11,827,187	6,350,852	3,969,282
Total	**2,865,311,986**	**1,790,819,994**	**2,495,495,423**	**1,559,684,643**

* Consumption of Stores and Spare Parts includes writeback of provision for obsolescence of spares- NIL {3,488,917 (₹ 2,180,573)}.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 32nd Asadh 2079 (16th July 2022)	Figures in ₹ As at 32nd Asadh 2079 (16th July 2022)	Figures in NRs. As at 31st Asadh 2078 (15th July 2021)	Figures in ₹ As at 31st Asadh 2078 (15th July 2021)
26. OTHER INCOME				
Interest Income from:				
a) Deposits with bank - carried at amortised cost	676,674,250	422,921,406	497,909,221	311,193,264
b) Employee loans - measured at amortised cost	466,761	291,726	580,453	362,783
c) Others - Interest received from customers etc.	8,189,821	5,118,638	14,350,487	8,969,054
Net foreign exchange gain / (loss)	1,769,703	1,106,064	(19,896,665)	(12,435,416)
Total	**687,100,535**	**429,437,834**	**492,943,496**	**308,089,685**
27. FINANCE COST				
Interest expenses:				
a) On financial liabilities measured at amortised cost				
- Interest on Short Term Loans / Overdrafts	4,701,211	2,938,257	10,114,656	6,321,660
b) On Lease Liabilities	2,312,254	1,445,159	-	-
c) Others				
- Interest on Trading Debts	4,636,073	2,897,546	4,966,563	3,104,102
- Others	14,240,558	8,900,349	20,639,935	12,899,959
Total	**25,890,096**	**16,181,311**	**35,721,154**	**22,325,721**
28. TAX EXPENSE				
A.Amount recognised in Profit or Loss				
Current Tax	4,620,328,911	2,887,705,569	4,137,273,101	2,585,795,689
Deferred Tax	(43,017,431)	(26,885,894)	(11,565,542)	(7,228,464)
Adjustments / (credits) related to previous years - Net	351,564	219,728	4,026,509	2,516,568
Total	**4,577,663,044**	**2,861,039,403**	**4,129,734,068**	**2,581,083,793**
B. Amount recognised in Other Comprehensive Income				
The tax (charge) / credit arising on income and expenses recognised in other comprehensive income is as follows:				
On items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plans	8,141,200	5,088,250	(3,308,211)	(2,067,632)
Total	**8,141,200**	**5,088,250**	**(3,308,211)**	**(2,067,632)**
C.Reconciliation between tax expense and accounting profit				
Profit before tax	150,01,357,075	9,375,848,172	13,546,159,705	8,466,349,812
Income Tax expense calculated at the applicable tax rate (Cigarettes Manufacturing @ 30%, Exports @ 24%, Other Manufacturing @ 20% and Trading @ 25%)	4,503,631,136	2,814,769,460	40,681,59,089	2,542,599,432
Factors affecting tax charge for the year				
Effects of:				
– Difference in tax treatment of certain expense	63,199,340	39,499,588	32,954,887	20,596,804
– Adjustments recognised in the current year in relation to previous years	351,564	219,728	4,026,509	2,516,568
– Unused tax losses not recognised (net)	10,481,004	6,550,628	11,943,792	7,464,870
– Others	-	-	12,649,791	7,906,119
Income Tax recognised in profit or loss	**4,577,663,044**	**2,861,039,404**	**4,129,734,068**	**2,581,083,793**

29. a. Defined Benefit Plans

The Company provides defined benefit in the form of Gratuity and other retirement benefits. Gratuity is funded and deposited with the designated funds {e.g. Citizen Investment Trust (CIT), Social Security Fund (SSF)} as per applicable laws, towards meeting the Gratuity obligation. Other retirement benefits are unfunded.

CIT is a public financial organization established under the Citizen Investment Trust Act, 2047. Nepal Government, Nepal Rastra Bank, Nepal Stock Exchange Ltd., Rastriya Beema Sansthan, etc. are the shareholders of CIT, which is listed on Nepal Stock Exchange. CIT operates and manages various types of retirement schemes / programs. The Gratuity Fund Scheme is operated by a committee of CIT in accordance with terms and conditions of Gratuity Scheme Operation Procedure, 2055 as approved by Board of CIT. The Committee managing the Gratuity Fund Scheme invests in various sectors as prescribed under Gratuity Scheme Operation Procedure, 2055. As per the CIT Act, 2047, amount deposited by the Company and interest thereon shall be paid by the Government of Nepal in the event the same is not paid by CIT.

SSF is an autonomous statutory body established by the Government of Nepal as per the provisions of Contribution Based Social Security Act, 2074 (“Act”). The fund is managed by a Committee formed as per the Act with investment in assets such as government bonds, debentures, mutual funds, fixed deposits of class ”A” banks or financial institutions, shares of banks, financial institutions and other companies etc. as per the provisions of section 32 of the Act.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professional qualified actuary, using the projected unit credit method. The Company makes regular contributions to these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation.

The Defined Benefit plans expose the Company to risk of actuarial deficit arising out of interest rate risk, salary cost inflation risk and investment risk. The Scheme’s accounting liabilities are calculated using a discount rate set with reference to the yield as communicated by CIT. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. Increase in salary due to adverse inflationary pressures might lead to higher liabilities. Investment risk may arise from lower earnings in the investment portfolio which is managed by the committee of CIT as referred above.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

		Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
		For the year ended 32nd Asadh, 2079 (16th July, 2022)		For the year ended 32nd Asadh, 2079 (16th July, 2022)		For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2078 (15th July, 2021)	
		Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
		Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
I	**Components of Employer Expense**								
–	**Recognised in Profit or Loss**								
1	Current Service Cost	12,321,640	3,656,789	7,701,025	2,285,493	13,526,459	5,189,044	8,454,037	3,243,153
2	Past Service Cost	-	-	-	-	-	2,419,485	-	1,512,178
3	Net Interest Cost	(1,272,387)	4,933,393	(795,241)	3,083,371	(227,103)	5,595,886	(141,939)	3,497,429
4	**Total expense recognised in the Statement of Profit or Loss**	11,049,253	8,590,182	6,905,784	5,368,864	**13,299,356**	**13,204,415**	**8,312,098**	**8,252,760**
—	**Re-measurements recognised in Other Comprehensive Income**								
5	Return on Plan Assets (excluding amount included in Net Interest Cost)	(15,105,081)	-	(9,440,676)	-	(11,158,711)	-	(6,974,194)	-
6	Effect of Changes in demographic assumptions	-	-	-	-	(24,247)	549,911	(15,154)	3,43,694
7	Effect of Changes in financial assumptions	12,209,813	(2,794,378)	7,631,133	(1,746,486)	6,795,459	2,257,996	4,247,162	1,411,248
8	Changes in asset ceiling (excluding interest income)	-	-	-	-	-	-	-	-
9	Effect of experience adjustments	39,276,585	(6,449,607)	24,547,866	(4,031,004)	(697,083)	(8,750,697)	(435,677)	(5,469,186)
10	**Total re-measurements included in Other Comprehensive Income**	36,381,317	(924,3985)	22,738,323	(5,777,490)	(5,084,582)	(5,942,790)	(3,177,863)	(3,714,244)
11	**Total defined benefit cost recognised in Statement of Profit or Loss and Other Comprehensive Income (4+10)**	47,430,570	(653,803)	29,644,107	(408,626)	**8,214,774**	**7,261,625**	**5,134,235**	**4,538,516**

The current service cost, past service cost and net interest cost for the year pertaining to Gratuity and Other Retirement Benefit expenses have been recognised in "Provision for Retirement Benefits" under Note 24. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.

		Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
		For the year ended 32nd Asadh, 2079 (16th July, 2022)		For the year ended 32nd Asadh, 2079 (16th July, 2022)		For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2078 (15th July, 2021)	
		Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
II	**Actual Returns**	30,338,988	-	18,961,868	-	25,690,597	-	16,056,623	-
III	**Net Asset/(Liability) recognised in Statement of Financial Position**								
1	Present Value of Defined Benefit Obligation	283,699,981	68,732,053	177,312,488	42,957,533	223,654,814	82,410,856	139,784,259	51,506,785
2	Fair Value on Plan Assets	245,610,458	-	153,506,536	-	223,125,127	-	139,453,204	-
3	Status [Surplus/(Deficit)]	(38,089,523)	(68,732,053)	(23,805,952)	(42,957,533)	(529,687)	(82,410,856)	(331,054)	(51,506,785)
4	Restriction on Asset recognised	-	-	-	-	-	-	-	-

5	Net Asset/(Liability) recognised in Statement of Financial Position	Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
		For the year ended 32nd Asadh, 2079 (16th July, 2022)		For the year ended 32nd Asadh, 2079 (16th July, 2022)		For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2078 (15th July, 2021)	
		Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
	Gratuity	(38,089,523)	-	(23,805,952)	-	(529,687)	-	(331,054)	-
	Other Retirement Benefits	(3,112,124)	(65,619,929)	(19,45,077)	(41,012,456)	(3,930,498)	(78,480,358)	(2,456,561)	(49,050,224)

		Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
		For the year ended 32nd Asadh, 2079 (16th July, 2022)		For the year ended 32nd Asadh, 2079 (16th July, 2022)		For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2078 (15th July, 2021)	
		Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
IV	**Change in Defined Benefit Obligations (DBO)**								
1	Present Value of DBO at beginning of the year	223,654,814	82,410,856	139,784,259	51,506,785	218,958,643	84,733,231	136,849,152	52,958,269
2	Current Service Cost	12,321,640	3,656,789	7,701,025	2,285,493	13,526,459	5,189,044	8,454,037	3,243,153
3	Past service cost	–	–	–	–	–	2,419,485	–	1,512,178
4	Interest Cost	13,961,520	4,933,393	8,725,950	3,083,371	14,304,783	5,595,886	8,940,489	3,497,429
5	Remeasurement gains / (losses):								
a	Effect of Changes in demographic assumptions	–	–	–	–	(24,247)	549,911	(15,154)	343,694
b	Effect of Changes in financial assumptions	12,209,813	(2,794,378)	7,631,133	(1,746,486)	6,795,459	2,257,996	4,247,162	1,411,248
c	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–	–	–
d	Effect of experience adjustments	39,276,585	(6,449,607)	24,547,865	(4,031,005)	(697,083)	(8,750,697)	(435,677)	(5,469,186)
6	Curtailment Cost / (Credits)	–	–	–	–	–	–	–	–
7	Settlement Cost / (Credits)	–	–	–	–	–	–	–	–
8	Liabilities assumed in business combination	–	–	–	–	–	–	–	–
9	Exchange difference on foreign plans	–	–	–	–	–	–	–	–
10	Benefits Paid	(17,724,391)	(13,025,000)	(11,077,744)	(8,140,625)	(29,209,200)	(9,584,000)	(18,255,750)	(5,990,000)
11	**Present Value of DBO at the end of the year**	283,699,981	68,732,053	177,312,488	42,957,533	**223,654,814**	**82,410,856**	**139,784,259**	**51,506,785**

V	**Best Estimate of Employer's Expected Contribution for the next year**	Figures in NRs.	Figures in ₹	Figures in NRs.	Figures in ₹
		As at 32nd Asadh, 2079 (16th July, 2022)	As at 32nd Asadh, 2079 (16th July, 2022)	As at 31st Asadh, 2078 (15th July, 2021)	As at 31st Asadh, 2078 (15th July, 2021)
	Gratuity	38,089,523	23,805,952	529,687	331,054

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 32nd Asadh, 2079 (16th July, 2022)		For the year ended 32nd Asadh, 2079 (16th July, 2022)		For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2078 (15th July, 2021)	
			Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retire-ment Benefits
VI	Change in Fair Value of Assets									
	1	Plan Assets at beginning of the year	223,125,127	–	139,453,204	–	192,071,616	–	120,044,760	–
	2	Asset acquired in Business Combination	–	–	–	–	–	–	–	–
	3	Interest Income	15,233,907	–	9,521,192	–	14,531,886	–	9,082,429	–
	4	Remeasurement Gains / (Losses) on plan assets	15,105,081	–	9,440,675	–	11,158,711	–	6,974,194	–
	5	Actual Company Contributions	9,870,734	13,025,000	6,169,209	8,140,625	34,572,114	9,584,000	21,607,571	5,990,000
	6	Benefits Paid	(17,724,391)	(13,025,000)	(11,077,744)	(8,140,625)	(29,209,200)	(9,584,000)	(18,255,750)	(5,990,000)
	7	**Plan Assets at the end of the year**	245,610,458	–	153,506,536	–	**223,125,127**	–	**139,453,204**	–

In addition to the Plan Assets as on 32nd Asadh, 2079 (16th July, 2022), an amount of NRs. NIL (2077/78 - NRs. 145,876,051 (₹ 91,172,532) [including interest of NRs. NIL (2077/78 - NRs. 32,891,079)] (₹ 20,556,924), is lying with CIT towards the erstwhile defined benefit plan relating to Gratuity for certain employees. Such amount was determined in accordance with the requirement of Labour Act, 2074, which replaced the erstwhile defined benefit plan by a defined contribution plan.

VII	Actuarial Assumptions	As at 32nd Asadh, 2079 (16th July, 2022)	As at 31st Asadh, 2078 (15th July, 2021)
		Discount Rate (%)	Discount Rate (%)
	Gratuity	7.50%	6.50%
	Other Retirement Benefits	7.50%	6.50%

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

VIII	Major Category of Plan Assets as a % of the Total Plan Assets		As at 32nd Asadh, 2079 (16th July, 2022)	As at 31st Asadh, 2078 (15th July, 2021)
	1	Citizen Investment Trust Managed Funds*	92%	97%
	2	Social Security Fund Managed Funds*	8%	3%

* In the absence of detailed information regarding plan assets which is funded with Citizen Investment Trust and Social Security Fund, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

IX Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on discount rate set with reference to the yield as communicated by CIT.

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 32nd Asadh, 2079 (16th July, 2022)		For the year ended 32nd Asadh, 2079 (16th July, 2022)		For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2078 (15th July, 2021)	
			Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
X	Net Asset / (Liability) recognized in Statement of Financial Position (including experience adjustment impact)									
	1	Present Value of Defined Benefit Obligation	283,699,981	68,732,053	177,312,488	42,957,533	223,654,814	82,410,856	139,784,259	5,15,06,785
	2	Fair Value on Plan Assets	245,610,458	–	153,506,536	–	223,125,127	–	139,453,204	-
	3	Status [Surplus / (Deficit)]	(38,089,523)	(68,732,053)	(23,805,952)	(42,957,533)	(529,687)	(82,410,856)	(331,054)	(5,15,06,785)
	4	Experience Adjustment of Plan Assets [Gain / (loss)]	15,105,081	–	9,440,676	–	11,158,711	–	6,974,194	-
	5	Experience Adjustment of Obligation [(Gain) / Loss]	39,276,585	(6,449,607)	24,547,866	(4,031,004)	(697,083)	(8,750,697)	(435,677)	(54,69,186)

XI Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

			Figures in NRs.	Figures in ₹	Figures in NRs.	Figures in ₹
			DBO as at 32nd Asadh, 2079 (16th July, 2022)	DBO as at 32nd Asadh, 2079 (16th July, 2022)	DBO as at 31st Asadh, 2078 (15th July, 2021)	DBO as at 31st Asadh, 2078 (15th July, 2021)
	1	Discount rate +100 basis points	333,910,816	208,694,260	288,263,672	180,164,795
	2	Discount rate -100 basis points	373,027,625	233,142,266	325,910,640	203,694,150
	3	Salary Increase Rate +1%	369,997,401	231,248,376	319,934,275	199,958,922
	4	Salary Increase Rate -1%	336,402,650	210,251,656	293,408,095	183,380,059

Maturity Analysis Of The Benefit Payments

	1	Year 1	26,395,571	16,497,232	44,714,212	27,946,383
	2	Year 2	41,471,241	25,919,526	22,885,078	14,303,174
	3	Year 3	50,731,443	31,707,152	30,883,623	19,302,264
	4	Year 4	54,615,883	34,134,927	35,875,615	22,422,259
	5	Year 5	52,832,471	33,020,294	23,154,654	14,471,659
	6	Next 5 Years	249,829,403	156,143,377	108,939,413	68,087,133

b. Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds" in Note 24.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

30. Additional Notes to the Financial Statements

(i) These financial statements were authorised for issue by the Board of Directors on 14th Ashwin, 2079 (30th September, 2022).

(ii) Estimated amount of contracts remaining to be executed on capital account and not provided for NRs. 363,307,638 (₹ 227,067,274) {2077/78 - NRs. 325,557,702 (₹ 203,473,564)}.

(iii) Remuneration to Managing Director :

Particulars	For the year ended 32nd Asadh, 2079 (16th July, 2022) In NRs.	For the year ended 32nd Asadh, 2079 (16th July, 2022) In Rs.	For the year ended 31st Asadh, 2078 (15th July, 2021) In NRs.	For the year ended 31st Asadh, 2078 (15th July, 2021) In ₹
Salary & Allowances	**37,261,546**	**23,288,466**	31,897,161	19,935,726
Other Benefits *	**3,502,186**	**2,188,866**	2,785,092	1,740,683
Post Employment Benefits	**	**	**	**
Total	**40,763,732**	**25,477,332**	**34,682,253**	**21,676,409**

Note:

The Managing Director and some other employees of the company have been granted stock options by the Holding Company (ITC Limited) under the Employee Stock Option Scheme(s). Such options were granted at 'market price' [within the meaning of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. Since these options are not tradable, no benefit is conferred upon the employee at the time of grant of options. The Company, however has recorded employee benefits expense by way of share-based payments to employees, in accordance with NFRS 2, at NRs. 5,262,362 (₹ 3,288,976) for the year ended 32nd Asadh 2079 (2077/78 – NRs. 2,748,088) (₹ 1,717,555), out of which NRs. 2,992,805 (₹ 1,870,503) {2077/78 – NRs. 1,399,907 (₹ 874,942)} is attributable to the Managing Director. During the year, 4,300 options (2077/78 – 3,000 options) were granted to the Managing Director.

* Other Benefits includes amounts incurred / reimbursed by the Company towards Residential Rent and Maintenance, Fuel and Driver Salary for Vehicle, Vehicle Repairs and Maintenance etc.

** Post employment benefits are actuarially determined on overall basis for all employees.

(iv) Miscellaneous Expenses include reimbursement of expenses to statutory auditors amounting to NRs. 329,232 (₹ 205,770) {2077/78 - NRs. 17,766 (₹ 11,104)}. .

(v) Related Party Disclosures

Nature of relationship and name of the related parties:

1. Holding Company
   ITC Limited, India
2. Fellow Subsidiary Companies
   a) Srinivasa Resorts Limited, India
   b) Fortune Park Hotels Limited, India
   c) Bay Islands Hotels Limited, India
   d) WelcomHotels Lanka (Private) Limited, Sri Lanka
   e) Landbase India Limited, India
   f) Russell Credit Limited, India and its subsidiary
      Greenacre Holdings Limited, India
   g) Technico Pty Limited, Australia and its subsidiaries
      Technico Technologies Inc., Canada
      Technico Asia Holdings Pty Limited, Australia and its subsidiary
         Technico Horticultural (Kunming) Co. Limited, China
   h) Technico Agri Sciences Limited, India
   i) Wimco Limited, India
   j) Pavan Poplar Limited, India
   k) Prag Agro Farm Limited, India
   l) ITC Infotech India Limited, India and its subsidiaries
      ITC Infotech Limited, UK
      ITC Infotech (USA), Inc. and its subsidiary
         Indivate Inc., USA
   m) Gold Flake Corporation Limited, India
   n) ITC Investments & Holdings Limited, India and its subsidiary
      MRR Trading & Investment Company Limited, India
   o) North East Nutrients Private Limited, India
   p) ITC IndiVision Limited, India
3. Associates of Holding Company
   a) Gujarat Hotels Limited, India
   b) International Travel House Limited, India
   c) Delectable Technologies Private Limited, India
      – being associates of the Holding Company, and
   d) Tobacco Manufacturers (India) Limited, UK
      – of which the Holding Company is an associate
4. Associates of Holding Company's subsidiaries
   a) Russell Investments Limited, India
   b) Divya Management Limited, India
   c) Antrang Finance Limited, India
      – being associates of Russell Credit Limited, India and
   d) ATC Limited, India
      – being associate of Gold Flake Corporation Limited, India

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

5. Joint Ventures of Holding Company
   a) Maharaja Heritage Resorts Limited, India
   b) Espirit Hotels Private Limited, India
   c) Logix Developers Private Limited, India
6. Joint Venture of Holding Company's Subsidiary
   a) ITC Essentra Limited, India
      – being joint venture of Gold Flake Corporation Limited, India
7. Key Management Personnel:

Sanjiv Puri	Chairman & Non-Executive Director
Sandeep Kaul	Alternate Director to Mr. S Puri (up to 5th July 2022)
Devraj Lahiri	Alternate Director to Mr. S Puri (w.e.f 6th July 2022)
Sumant Bhargavan	Non-Executive Director (up to 5th July 2022)
Sandeep Kaul	Non-Executive Director (w.e.f. 6th July 2022)
Supratim Dutta	Non-Executive Director
Rajendra Kumar Singhi	Non-Executive Director
Shashi Raj Pandey	Non-Executive Director
Siddhartha SJB Rana	Non-Executive Director
Abhimanyu Kumar Poddar	Managing Director (up to 28th February 2022)
Ravi Kumar Rayavaram	Managing Director (w.e.f 1st March 2022)

Disclosure of transactions between the Company and related parties and the status of outstanding balances as at 32nd Asadh, 2079 (16th July, 2022):

Related Party Transactions Summary	**For the year ended 32nd Asadh, 2079 (16th July, 2022) In NRs.**			For the year ended 31st Asadh, 2078 (15th July, 2021) In NRs.		
	Holding Company	**Fellow Subsidiaries**	**Key Management Personnel***	Holding Company	Fellow Subsidiaries	Key Management Personnel*
Purchase of Goods/ Services	**5,334,402,288**	**35,761,483**	**-**	4,473,065,230	50,098,840	-
Sitting Fees/ Incidental Expenses to Other Directors	**-**	**-**	**17,647**	-	-	88,235
Cost of Stock Option Reimbursable	**5,262,362**	**-**	**-**	2,748,088	-	-
Hired Machine Expenses	**49,928,107**	**-**	**-**	56,257,492	-	-
Dividend Payments	**5,554,684,800**	**-**	**-**	5,804,467,200	-	-
Expenses recovered	**869,019**	**-**	**-**	553,076	-	-
Expenses reimbursed	**236,480**	**-**	**-**	-	-	-
Advances Given	**1,018,541,348**	**-**	**-**	2,393,871,593	-	-
Outstanding Balances						
- Advances / Other Receivables	**1,266,898,963**	**-**	**-**	2,891,107,223	-	-
- Creditors / Payables	**665,754,110**	**17,731,738**	**-**	855,033,506	30,721,260	-

Related Party Transactions Summary	**For the year ended 32nd Asadh, 2079 (16th July, 2022) In Rs.**			For the year ended 31st Asadh, 2078 (15th July, 2021) In Rs.		
	Holding Company	**Fellow Subsidiaries**	**Key Management Personnel***	Holding Company	Fellow Subsidiaries	Key Management Personnel*
Purchase of Goods/ Services	**3,334,001,430**	**22,350,927**	**-**	2,795,665,769	31,311,775	-
Sitting Fees/ Incidental Expenses to Other Directors	**-**	**-**	**11,029**	-	-	55,147
Cost of Stock Option Reimbursable	**3,288,976**	**-**	**-**	1,717,555	-	-
Hired Machine Expenses	**31,205,067**	**-**	**-**	35,160,933	-	-
Dividend Payments	**3,471,678,000**	**-**	**-**	3,627,792,000	-	-
Expenses recovered	**543,137**	**-**	**-**	345,673	-	-
Expenses reimbursed	**147,800**	**-**	**-**	-	-	-
Advances Given	**636,588,343**	**-**	**-**	1,496,169,746	-	-
Outstanding Balances						
- Advances / Other Receivables	**791,811,852**	**-**	**-**	1,806,942,014	-	-
- Creditors / Payables	**416,096,319**	**11,082,336**	**-**	534,395,941	19,200,788	-

* also refer to Note 30(iii).

Related Party Transactions Summary	**For the year ended 32nd Asadh, 2079 (16th July, 2022) In NRs.**		For the year ended 31st Asadh, 2078 (15th July, 2022) In NRs.	
	Associate of Holding Company	**Joint Venture of Holding Company's Subsidiary**	Associate of Holding Company	Joint Venture of Holding Company's Subsidiary
Purchase of Goods/ Services	**462,102**	**420,426**	317,385	4,004,621
Outstanding Balances				
- Creditors / Payables	**203,938**	**-**	-	2,861,344

Related Party Transactions Summary	**For the year ended 32nd Asadh, 2079 (16th July, 2022) In Rs.**		For the year ended 31st Asadh, 2078 (15th July, 2022) In NRs.	
	Associate of Holding Company	**Joint Venture of Holding Company's Subsidiary**	Associate of Holding Company	Joint Venture of Holding Company's Subsidiary
Purchase of Goods/ Services	**288,814**	**262,766**	198,366	2,502,888
Outstanding Balances				
- Creditors / Payables	**127,461**	**-**	-	1,788,340

Transactions with subsidiaries of Tobacco Manufacturers (India) Limited's ultimate parent company comprise divided payments NRs. 188,294,400 (₹ 117,684,000) {2077/78 – NRs. 196,761,600 (₹ 122,976,000)}.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vi) Contingent liabilities:

Claims against the Company not acknowledged as debts:

a) Demands raised by Revenue Authorities on theoretical production of cigarettes:

Excise, Income Tax and Value Added Tax (VAT) authorities issued Show Cause Notices (SCNs) and raised demands to recover taxes for different years on theoretical production of cigarettes. In all these proceedings, the authorities applied an input-output ratio allegedly submitted by the Company in the year 2047-48 (1990-91) and arrived at a theoretical production and demanded tax/duty on the differential production/turnover. This, despite the fact that the Company's cigarette factory was under 'physical control' of the Excise authorities and cigarettes produced were duly accounted for and certified as such by the Excise authorities.

The Revenue Authorities for the first time raised excise demands for the financial year ("FY") 2050-51 and 2051-52, (1993-94 and 1994-95) claiming that the Company did not produce cigarettes according to the input-output ratio submitted in the year 1990-91. The Company challenged these excise demands before the Hon'ble Supreme Court through a writ petition. A division bench of the Hon'ble Supreme Court decided the matter in favour of the Company (the "Division Bench Judgment") and rejected the above basis of theoretical production. The Ministry of Finance filed a review petition before the Full Bench of Hon'ble Supreme Court seeking review of the judgement of Division Bench. The full bench after hearing both the sides at length upheld the judgement of Division Bench by its order dated October 29, 2009.

Similar demands had been raised for other financial years viz., Excise Demands for FY 2055-56 to FY 2059-60 (1998-99 to 2002-03) and Income Tax Demand for FY 2058-59 (2001-02), which were also challenged by the Company before the Hon'ble Supreme Court by way of writ petitions and the court was pleased to allow all the writ petitions setting aside the demands.

Further, the Inland Revenue Department had decided administrative review petitions in favour of the Company setting aside Value Added Tax demands for the financial years 2058-59 and 2064-65 (2001-02 and 2007-08) and Income Tax demand for the financial year 2062-63 (2005-06) following the aforesaid decisions of the Hon'ble Supreme Court.

During the pendency of the aforementioned review petition before the Hon'ble Supreme Court and thereafter, the Revenue Authorities raised demands and issued a Show Cause Notice (SCN), in the same subject matter of theoretical production for different years (as listed below), which were also challenged by the Company by way of writ petitions before Hon'ble Supreme Court of Nepal between the years 2064 to 2066 (2007 to 2010).

1. Excise demand letters for NRs. 278,026,266 (₹ 173,766,416) relating to the financial years 2060-61 to 2063-64 (2003-04 to 2006-07)
2. Excise Show Cause Notice for NRs. 196,537,807 (₹ 122,836,129) relating to the financial year 2064-65 (2007-08)
3. Value Added Tax (VAT) demand letters for NRs. 174,923,023 (₹ 109,326,889) relating to financial years 2059-60 to 2063-64 (2002-03 to 2006-07)
4. Income Tax demand letters for NRs. 215,232,624 (₹ 134,520,390) relating to financial years 2059-60 and 2060- 2061 (2002-03 and 2003-04).

The Company's writ petitions with regard to various tax demands and a SCN mentioned hereinabove were disposed of by the Hon'ble Supreme Court on 15th April, 2021 holding that the Company should avail the alternate remedy by way of appeal to the Inland Revenue Department (IRD). The Company is currently pursuing legal remedy in line with the observations/directions provided in the judgements of Hon'ble Supreme Court.

The Management considers that all the demands listed above have no legal and factual basis; accordingly, the Management is of the view that there is no liability that is likely to arise, particularly in light of the fact that the issue underlying these demands has already been settled by the Hon'ble Supreme Court in favour of the Company.

No legal recourse is required to be pursued in respect of a Show Cause Notice relating to the financial year 2064-65 (2007-08), since no demand has been issued.

b) Other demands raised on account of:

1. Income Taxes for various assessment years amounting to NRs. 160,079,097 (₹ 100,049,436) {2077/78 - NRs 153,700,133 (₹ 96,062,583)} (net of provision made for the above assessment years) including interest on claims, where applicable, estimated to be NRs. 85,026,846 (₹ 53,141,779) {2077/78 - NRs. 78,647,882 (₹ 49,154,926)} against which the Company has filed appeals with the appropriate authorities/Courts.
2. Value Added Tax matters under dispute, pertaining to various financial years amounting to NRs. 50,537,088 (₹ 31,585,680) {2077/78 - NRs. 47,536,047 (₹ 29,710,029)} including interest on claims, where applicable, estimated to be NRs. 14,322,904 (₹ 8,951,815) {2077/78 - NRs. 12,095,181 (Rs 7,559,488)} which are under appeal / reassessment.
3. Health Risk Tax by Customs Authorities amounting to NRs. 37,412,000 (₹ 23,382,500) against which Company has filed appeals with the appropriate authority.

(vii) The Company's significant leasing arrangements are in respect of operating leases for building premises (residential, office, godowns, etc.). These arrangements generally range between 1 year and 6 years. The lease arrangements have extension/termination options exercisable by either parties which may make the assessment of lease term uncertain. While determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option are considered.

The amount of ROU Assets and Lease Liabilities recognised in the Balance Sheet are disclosed Note 3E and Note 13 respectively. The total cash outflow for leases for the year is NRs 128,473,340 (₹ 80,295,838) (including payments of NRs.119,245,784 (₹ 74,528,615) in respect of short-term/low-value leases).

The undiscounted maturities of lease liabilities over the remaining lease term is as follows;

Term	As at 32nd Asadh, 2079 (16th July 2022) Amount in NRS	As at 32nd Asadh, 2079 (16th July 2022) Amount in ₹
Not later than three years	**66,629,936**	**41,643,710**
Later than three years and not later than six years	**11,126,460**	**6,954,038**

(viii) Impact of implementation of new standards:

a) The Company has adopted NFRS 16 "Leases" effective 1st Shrawan 2078 using the modified retrospective method. Under this simplified approach, the Company recognised equal amount of right of use asset and lease liability on the transition date, adjusted by the amount of prepayments pertaining to such leases, carried in the Balance Sheet on such transition date. Figures for previous year have not been restated as permitted under the transition provisions in NFRS 16. Further, following practical expedients permitted on initial application have been applied by the Company:
   - The Company has utilised the exemptions provided for short-term leases (less than a year) and leases for low value assets.
   - The Company has utilised hindsight in determining the lease terms where contracts contained options to extend or terminate the lease.
   - The weighted average of Company's incremental borrowing rate applied to lease liabilities at the date of initial application was 13%.

b) Effective 1st Shrawan, 2078 the Company adopted NFRS 15 'Revenue from Contracts with Customers'. The effect on adoption of the Standard was not material.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(ix) Some of the employee(s) of the Company seconded from the Holding Company (ITC Limited), had been granted stock options under the ITC Employee Stock Option Scheme (ITC ESOS). These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. Each option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of ITC of Indian Rupee 1 each inter alia upon payment of exercise price.

These options had been granted at 'market price' within the meaning of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The fair value of the options granted is determined by ITC, using the Black Scholes Option Pricing Model, for all the options covered under the ITC ESOS as a whole.

The Company has recognised the cost of options granted, as stated above, under the ITC Employee Stock Option Scheme (ITC ESOS) (equity - settled) in accordance with NFRS 2 – Share Based Payment and the Company's share of the cost of fair value of such options has been accounted for based on the advice / on-charge by ITC. Accordingly, an amount of NRs. 5,262,362 (₹ 3,288,976) {2077/78 – NRs. 2,748,088 (₹ 1,717,555)} (Refer Note 24) which represents the on-charge from ITC has been recognised as employee benefits expense with a corresponding payable, when such reimbursement is sought by ITC.

During the year, 14,400 options (2077/78 – 4,800 options) were granted to certain employee(s) seconded by the Holding Company. The total number of options outstanding stood at 130,738 options (2077/78- 196,714 options).

(x) Figures have been rounded off to the nearest Nepalese Rupee / (Rupee).

(xi) Previous year's figures have been rearranged wherever necessary.

31. Financial Instruments and Related Disclosures

1. Capital Management

The primary objective of the company's capital management is to maximize the shareholder value. The Company aims at maintaining a strong capital base and augments its internal generations with a judicious use of borrowing facilities to fund spikes in working capital that arise from time to time as well as requirements to finance business growth. The Company monitors the return on capital employed based on asset turnover and profitability ratio.

The Company is not subject to any capital adequacy norms under regulations presently in force.

2. Categories of Financial Instruments **Amount in NRs.**

Particulars	Note	As at 32nd Asadh, 2079 (16th July, 2022)		As at 31st Asadh, 2078 (15th July, 2021)	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and Cash Equivalents	10	152,614,129	152,614,129	120,756,862	120,756,862
ii) Other Bank Balances	11	10,000,074,526	10,000,074,526	6,264,471,508	6,264,471,508
iii) Loans	4	27,984,984	16,931,377	31,642,630	19,546,378
iv) Trade Receivables	9	32,511,444	32,511,444	18,179,734	18,179,734
v) Other Financial assets	5	40,369,210	40,248,035	1,171,370	962,802
Sub - total		**10,253,554,293**	**10,242,379,511**	**6,436,222,104**	**6,423,917,284**
b) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	5	23,951,133	23,951,133	3,902,185	3,902,185
Sub - total		**23,951,133**	**23,951,133**	**3,902,185**	**3,902,185**
Total financial assets		**10,277,505,426**	**10,266,330,644**	**6,440,124,289**	**6,427,819,469**
B. Financial liabilities					
a) Measured at amortised cost					
i) Borrowings	15	1,347,831,417	1,347,831,417	1,398,557,780	1,398,557,780
ii) Trade Payables	16	1,157,855,928	1,157,855,928	1,253,442,130	1,253,442,130
iii) Lease Liabilities	13	64,241,390	64,241,390	-	-
iv) Other Financial Liabilities	17	1,828,167,433	1,828,167,433	1,623,389,720	1,623,389,720
Sub - total		**4,398,096,168**	**4,398,096,168**	**4,275,389,630**	**4,275,389,630**
b) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	17	9,613,668	9,613,668	3,127,326	3,127,326
Sub - total		**9,613,668**	**9,613,668**	**3,127,326**	**3,127,326**
Total financial liabilities		**4,407,709,836**	**4,407,709,836**	**4,278,516,956**	**4,278,516,956**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Amount in ₹

Particulars	Note	As at 32nd Asadh, 2079 (16th July, 2022)		As at 31st Asadh, 2078 (15th July, 2021)	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and Cash Equivalents	10	95,383,831	95,383,831	75,473,039	75,473,039
ii) Other Bank Balances	11	6,250,046,579	6,250,046,579	3,915,294,693	3,915,294,693
iii) Loans	4	17,490,615	10,582,110	19,776,644	12,216,486
iv) Trade Receivables	9	20,319,653	20,319,653	11,362,334	11,362,334
v) Other Financial assets	5	25,230,757	25,155,022	732,106	601,751
Sub - total		**6,408,471,435**	**6,401,487,195**	**4,022,638,816**	**4,014,948,303**
b) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	5	14,969,458	14,969,458	2,438,866	2,438,866
Sub - total		**14,969,458**	**14,969,458**	2,438,866	2,438,866
Total financial assets		**6,423,440,893**	**6,416,456,653**	**4,025,077,682**	**4,017,387,169**
B. Financial liabilities					
a) Measured at amortised cost					
i) Borrowings	15	842,394,636	842,394,636	874,098,613	874,098,613
ii) Trade Payables	16	723,659,955	723,659,955	783,401,331	783,401,331
iii) Lease Liabilities	13	40,150,869	40,150,869	-	-
iv) Other Financial Liabilities	17	1,142,604,648	1,142,604,648	1,014,618,575	1,014,618,575
Sub - total		**2,748,810,108**	**2,748,810,108**	**2,672,118,519**	**2,672,118,519**
b) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	17	6,008,543	6,008,543	1,954,579	1,954,579
Sub - total		**6,008,543**	**6,008,543**	**1,954,579**	**1,954,579**
Total financial liabilities		**2,754,818,651**	**2,754,818,651**	**2,674,073,098**	**2,674,073,098**

3. Financial risk management objectives

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company continues to focus on a system-based approach to risk management. The Company's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the business. Backed by strong internal control systems, the current Risk Management framework is based on comprehensive internal policies and procedures across areas of operations. The Company has a process of regular reviews / audits for monitoring of such risks.

a) Market risk

Market risk comprises of foreign currency risk and interest rate risk.

i. Foreign currency risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar, Euro and GBP) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency (other than Indian Rupee) are subject to reinstatement risks.

The carrying amounts of foreign currency denominated financial assets and liabilities including derivatives contracts are as follows:

(Amount in NRs.)

As at 32nd Asadh, 2079 (16th July, 2022)	USD	EURO	GBP	Total
Financial Assets	**27,011,598**	-	-	**27,011,598**
Financial Liabilities	**36,119,588**	**2,096,306**	**8,292**	**38,224,186**

(Amount in NRs.)

As at 31st Asadh, 2078 (15th July, 2021)	USD	EURO	GBP	Total
Financial Assets	18,018,559	-	-	18,018,559
Financial Liabilities	67,703,572	155,103	5,741	67,864,416

(Amount in ₹)

As at 32nd Asadh, 2079 (16th July, 2022)	USD	EURO	GBP	Total
Financial Assets	**16,882,249**	-	-	**16,882,249**
Financial Liabilities	**22,574,743**	**1,310,191**	**5,183**	**23,890,117**

(Amount in ₹)

As at 31st Asadh, 2078 (15th July, 2021)	USD	EURO	GBP	Total
Financial Assets	11,261,599	-	-	11,261,599
Financial Liabilities	42,314,733	96,939	3,588	42,415,260

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The Company uses derivatives, such as forward exchange contracts, to manage the business risk arising out of the underlying foreign currency transactions, which serves as an economic hedge. Such forward exchange contracts that were outstanding on respective reporting dates are as follows:

(Amount in Foreign Currency)

Currency	Cross Currency	As at 32nd Asadh, 2079 (16th July, 2022) Buy	As at 32nd Asadh, 2079 (16th July, 2022) Sell	As at 31st Asadh, 2078 (15th July, 2021) Buy	As at 31st Asadh, 2078 (15th July, 2021) Sell
US Dollar	NRs	**4,166,831**	-	1,740,960	244,800
Euro	NRs	**288,383**	-	115,795	-
GBP	NRs	**2,230**	-	8,450	-

Hedges of Foreign currency risk and derivative financial instruments

The Company uses derivatives to hedge its exposure to changes in movement in foreign currency. Where such derivatives are not designated under hedge accounting, changes in the fair value of such hedges are recognised in the Statement of Profit or Loss and Other Comprehensive Income. The counter parties in these derivative instruments are highly rated commercial banks and the Company considers the risk of non-performance by such counterparties as not material.

Foreign currency sensitivity

As the foreign currency risk on the Statement of Financial Position date is not significant, no sensitivity disclosures have been made.

ii. Interest rate risk

The objectives of the Company's interest rate risk management processes are to lessen the impact of adverse interest rate movements on its statement of profit or loss and other comprehensive income and cash flows and to minimise counter party risks.

The Company is exposed to interest rate risk primarily with respect to its short terms borrowings from banks to fund spikes in working capital that arise from time to time. Such risks arise primarily due to changes in money supply within the economy and/or liquidity in banking system. In view of the short term nature of such borrowings, impact of such interest rate risk is insignificant.

The Company's investments are predominantly held in Fixed Deposits. Such deposits are held with highly rated commercial banks and have a short term tenure and are not subject to interest rate volatility. The Company ensures optimisation of cash through fund planning and robust cash management practices.

b) Liquidity risk

The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. The Company's investment decisions relating to deployment of surplus liquidity are guided by the tenets of safety, liquidity and return. The Company also maintains adequate credit lines with the commercial banks to fund spikes in working capital that arise from time to time.

The Company's Current assets aggregate to NRs. 15,880,880,262 (₹ 9,925,550,174) {2077/78 – NRs. 13,346,963,691 (₹ 8,341,852,307)} including Cash and cash equivalents and other bank balances of NRs. 10,152,688,655 (₹ 6,345,430,410) {2077/78 – NRs. 6,385,228,370 (₹ 3,990,767,731)} against an aggregate Current liability (excluding borrowings) of NRs. 4,741,740,860 (₹ 2,963,588,041) {2077/78 – NRs. 4,800,005,038 (₹ 3,000,003,149)} on the reporting date.

Further, while the Company's total equity stands at NRs. 15,698,220,660 (₹ 9,811,387,922) {2077/78 – NRs. 14,708,242,761 (₹ 9,192,651,726)}, it has borrowings of NRs. 1,347,831,417 (₹ 842,394,636) {2077/78 – NRs. 1,398,557,780 (₹ 874,098,613)}. In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

c) Credit risk

The Company's short-term surpluses are deployed in fixed and call deposits with highly rated commercial banks. The investment in fixed and call deposits stood at NRs. 10,075,297,296 (₹ 6,297,060,810) {2077/78 – NRs. 6,362,251,181 (₹ 3,976,406,988)} at amortised cost. The commercial banks for placement of such deposits are short listed and exposure limits are determined on the basis of their credit rating, financial statements and other relevant information which are periodically reviewed.

The Company has policy of dealing on cash terms, to the extent practicable. Credit is extended in business interest in accordance with guidelines which takes into account various factors such as market feedback, past trading patterns, etc. The Company during the course of its operations deals with a large number of customers limiting the risk of credit concentration. The Company's exposure to trade receivables on the reporting date, net of expected loss provisions stood at NRs. 32,511,444 (₹ 20,319,653) {2077/78 – NRs. 18,179,734 (₹ 11,362,334)}. The Company's historical experience of collecting receivables and the level of default indicate that the credit risk is low. Loss allowances are recognized, where considered appropriate by the Management. The movement of the expected loss provision (allowance for bad and doubtful loans and receivables etc.) made by the Company are as under:

(Amount in NRs.)

Particulars	Expected Loss Provision	
	32nd Asadh, 2079 (16th July, 2022)	31st Asadh, 2078 (15th July, 2021)
Opening Balance	–	339,012
Add: Provisions Made- Net	–	–
Less: Utilisation for impairment / de-recognition	–	(339,012)
Closing Balance	–	–

(Amount in ₹)

Particulars	Expected Loss Provision	
	32nd Asadh, 2079 (16th July, 2022)	31st Asadh, 2078 (15th July, 2021)
Opening Balance	–	211,883
Add: Provisions Made- Net	–	–
Less: Utilisation for impairment / de-recognition	–	(211,883)
Closing Balance	–	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

4. Fair value measurement

The following table presents the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

(Amount in NRs)

Particulars	Fair Value Hierarchy (Level)	Fair Value As at 32nd Asadh, 2079 (16th July, 2022)	Fair Value As at 31st Asadh, 2078 (15th July, 2021)
A. Financial Assets			
a) Measured at amortised cost			
i) Loans *	3	12,866,855	13,813,046
ii) Other Financial Assets *	3	759,650	672,257
Sub-Total		**13,626,505**	**14,485,303**
b) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	23,951,133	3,902,185
Sub-Total		**23,951,133**	3,902,185
Total financial assets		**37,577,638**	**18,387,488**
B. Financial liabilities			
a) Measured at amortised cost			
i) Lease Liabilities *	3	31,946,405	–
Sub-Total		**31,946,405**	–
b) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	9,613,688	3,127,326
Sub-Total		**9,613,688**	**3,127,326**
Total financial liabilities		**41,560,073**	**3,127,326**

(Amount in ₹)

Particulars	Fair Value Hierarchy (Level)	Fair Value As at 32nd Asadh, 2079 (16th July, 2022)	Fair Value As at 31st Asadh, 2078 (15th July, 2021)
A. Financial Assets			
a) Measured at amortised cost			
i) Loans *	3	8,041,784	8,633,154
ii) Other Financial Assets *	3	474,781	420,161
Sub-Total		**8,516,565**	**9,053,315**
b) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	14,969,458	2,438,866
Sub-Total		**14,969,458**	2,438,866
Total financial assets		**23,486,023**	**1,492,181**
B. Financial liabilities			
a) Measured at amortised cost			
i) Lease Liabilities *	3	19,966,503	–
Sub-Total		**19,966,503**	–
b) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	**6,008,543**	1,954,579
Sub-Total		**6,008,543**	**1,954,579**
Total financial liabilities		**25,975,046**	**1,954,579**

* Represents Fair Value of Non-current Financial Instruments.

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short term nature. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value is determined using discounted cash flow basis.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

Vikas Bhutra Vice President, FInance	**Ravi K Rayavaram** Managing Director	**Siddhartha SJB Rana** Director	**S Dutta** Director	**S Puri** Chairman
S R Pandey Director	**S Kaul** Director	**R K Singhi** Director	**Nem Lal Amatya** Partner N. Amatya & Co. Chartered Accountants	**Shashi Satyal** Partner T R Upadhya & Co. Chartered Accountants

Date: 14th Ashwin 2079 (30th September 2022)

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

Your Board of Directors hereby submit their Tenth Report for the financial year ended 31st March, 2023.

1. COMPANY PERFORMANCE

During the year, the Company's performance was impacted by subdued demand in the region consequent to pricing actions taken to combat inflationary pressures. Over the years the Company has consistently improved operational efficiency, productivity and strengthened safety standards.

The Company's Revenue from Operations for the year stood at ₹ 16,068.70 lakhs (previous year ₹ 16,390.28 lakhs), while Net Profit for the year increased to ₹ 1,598.43 lakhs (previous year ₹ 1,443.14 lakhs). Total Comprehensive Income for the year stood at ₹ 1614.34 lakhs (previous year ₹ 1436.79 lakhs).

During the year, the Company redeemed entire 18,00,000 10% Cumulative Non-Convertible Redeemable Preference Shares issued to ITC Limited, holding company for an amount of ₹ 1800 lakhs.

Your Company continues to constantly engage with Government Authorities, both at Central and State level and has been able to realise fiscal benefits of ₹ 1183.63 lakhs during the year, consisting of Central Goods & Services Tax, State Goods & Services Tax and Integrated Goods & Services Tax benefits from State Government of Assam and Government of India.

During the year, the Company received 2 Gold Awards at the Chapter Convention on Quality Concepts, 2022, organised by the Quality Circle Forum of India, Kolkata Chapter and 1 Bronze Award at the CII National Kaizen Competition.

The key highlights of the financial performance of the Company are summarised in the table below:

Amount in ₹ lakhs

Particulars	Financial Year Ended	
	31.03.2023	31.03.2022
a) Profit Before Tax	**1622.28**	1512.65
b) Tax expense	**(23.85)**	(69.51)
c) Profit After Tax	**1598.43**	1443.14
d) Other Comprehensive Income	**15.91**	(6.36)
e) Total Comprehensive Income	**1614.34**	1436.79
Retained Earnings		
a) At the beginning of the year	**2507.96**	1071.18
b) Add: Profit for the year	**1598.43**	1443.14
c) Less: Dividend Paid	**(219.00)**	0.00
d) Less : Transfer of Capital Redemption Reserve	**(1800)**	0.00
e) Add : Other Comprehensive Income	**15.91**	(6.36)
f) At the end of the year	**2103.31**	2507.96

2. TRANSFER TO RESERVES

The Company, in terms of the provisions of Section 55 (2) (c) of the Companies Act, 2013 ('the Act') has transferred ₹ 1800 lakhs to Capital Redemption Reserve Account, being a sum equal to the nominal value of the 10% Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100 each, redeemed during the year.

3. DIVIDEND

The Directors of your Company are pleased to recommend a Dividend of ₹ 1.31 per Equity Share of ₹ 10/- each (fully paid up) for the year ended 31st March, 2023. Total cash outflow on this account will be ₹ 956.30 lakhs (previous year ₹ 219 lakhs).

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Changes in Directors and Key Managerial Personnel during the year

During the year under review, there were no changes in the Directors and Key Managerial Personnel of your Company.

b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act and Article 77(d) of the Articles of Association of the Company, all the Directors namely, Messrs. Dharmarajan Ashok (DIN: 02009735), Paritosh Wali (DIN: 06767740), Neel Kingston Jasper (DIN: 07462201) and Samrat Deka (DIN: 00559110) will retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment. The Board has recommended their re-election.

c) Board and Board Committee

Your Board met five (5) times during the financial year ended 31st March, 2023.

Your Company is not required to constitute any Board Committee under the Act except a Corporate Social Responsibility Committee (CSR Committee). The CSR Committee comprises following members:

Mr. Dharmarajan Ashok – Chairman of the Committee

Mr. Samrat Deka – Member

Mr. Neel Kingston Jasper – Member

The CSR Committee met two (2) times during the financial year ended 31st March, 2023.

5. COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 (10) of the Act.

6. BOARD EVALUATION

The Board carried out for the year under review, an evaluation of its own performance and that of the individual Directors and also functioning of the CSR Committee, as required under Section 134 of the Act. The evaluation was carried out, as in the previous year, through a structured evaluation process basis the parameters derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as fulfill expectations of other stakeholders through strategic supervision. Performance evaluation of individual Directors was carried out in the context of the role played by each Director, as a member of the Board in assisting the Board in realizing its role of strategic supervision of the functioning of the Company. Report on functioning of the CSR Committee was placed before the Board by the Chairman of the CSR Committee after discussion with the Committee members.

7. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Act, the Directors confirm having:

a) followed in the preparation of the Annual Accounts, the applicable Accounting Standards and there are no material departures;

b) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) prepared the Annual Accounts on a going concern basis, and

e) devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

8. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has formulated and adopted the CSR Policy in terms of Section 135 of the Act.

The Annual Report on CSR activities of the Company in terms of Section 134(3)(o) read with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided as **Annexure 1**, forming part of this Report.

9. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy

Your Company is committed to pursue energy conservation practices and continues to implement eco-friendly processes for energy and water preservation and ensures to minimise any kind of environmental pollution in course of its operations. In addition to several ongoing initiatives, a Chest Freezer was installed at a cost of ₹ 1 lakh, for storage of raw material as against storage in cold room, resulting in substantial reduction of energy consumption in the manufacturing operations.

Technology absorption

Your Company continues to utilise the latest automation technology to ensure adoption of different industry-wide innovations to increase efficiency in operations of the Unit. The Company through its in-house innovation developed and deployed an equipment to reduce the wastage of laminates by ensuring zero empty pouch generation in Cream Line. This intervention has resulted in a reduction in packing material wastage by about 30% during the year.

Your Company has neither imported any technology nor incurred any expenditure on Research & Development during the year under review.

Foreign exchange earnings and outgo

There has been no foreign exchange earnings and outgo during the year under review.

10. PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS

During the financial year ended 31st March, 2023, the Company has neither given any loan, guarantee nor has made any investment in terms of the provisions of Section 186 of the Act.

11. RISK MANAGEMENT

Risk management is an integral part of the Company's overall strategy and straddles its planning, execution and reporting processes and systems.

Your Board is fully committed to developing sound and effective systems for identification, assessment and mitigation of anticipated risks. Your Company believes that robust risk management systems and processes ensure adequate controls and monitoring mechanism.

Your Company operates in the food processing industry and hence food safety and hygiene are of utmost importance. In its pursuit of achieving manufacturing excellence, the manufacturing unit has been re-certified and upgraded to FSSC 22000 Version 5.1 to meet the requirements of Global Food Safety Initiative benchmarking.

Corporate policies are in place setting out the philosophy and principles under which the management needs to conduct its operations within a control driven and risk managed environment. Risk focused audits are carried out periodically by the Internal Auditors, which lead to identification of areas where risk management processes need to be strengthened. The Board monitors the internal control environment and risk management systems within the Company including implementation of the action plan emerging out of internal audit findings. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies.

12. INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls (IFC) which form the basis of the Financial Statements are adequate and commensurate with the size and nature of business of the Company. The Company follows approved policies and standard operating procedures to prepare, review and report financial performance.

During the year under review, internal audit of the systems, processes and compliances for all major areas of operations of the Company was carried out by the Internal Audit team of ITC Limited, the holding company. The Internal Auditors independently evaluate adequacy of design and operating effectiveness of internal controls and compliance with policies laid down by the Company.

IFC system testing including Enterprise Risk Services audit for automated control and IT General Controls were conducted during the year by the Statutory Auditors, Messrs. Deloitte Haskins & Sells.

13. COST RECORDS

The requirement of maintenance of cost records under Section 148(1) of the Act is not applicable to the Company.

14. AUDITORS

(a) Statutory Auditors

The Company's Statutory Auditors, Messrs. Deloitte Haskins & Sells (DHS), Chartered Accountants, were reappointed at the Sixth AGM held on 5th July, 2019 for a further period of 5 years to hold such office till the conclusion of the Eleventh AGM and the Board was authorised to fix the remuneration payable to DHS as may be mutually agreed upon to conduct the audit and permit reimbursement of actual out of pocket expenses as may be incurred in the performance of their duties.

There is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report on the financial statements of the Company.

(b) Secretarial Auditors

Your Board of Directors appointed Messrs. M R & Associates, Practising Company Secretaries, Kolkata (CP No.2551), as the Secretarial Auditor of the Company for the financial year ended 31st March, 2023 in terms of the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 to conduct the Secretarial Audit of the Company.

There is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

The Secretarial Audit Report issued by Messrs. M R & Associates is enclosed as **Annexure 2**, forming part of this Report.

15. PARTICULARS OF RELATED PARTY TRANSACTIONS

All related party transactions entered into by the Company during the year were in the ordinary course of business and at arm's length basis.

Material related party transactions entered by your Company during the year under review are disclosed, as required under Section 134(3)(h) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, in Form AOC - 2 and is provided in **Annexure 3**, forming part of this Report.

16. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

Your Company does not have any subsidiary, joint venture or associate company.

17. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, the Company received a demand-cum-show cause notice from the Office of the Assistant Commissioner, Central Goods & Services Tax, Tezpur Division alleging irregularity in sanction of Budgetary Support Scheme under the Ministry of Commerce & Industry, Department of Industrial Policy and Promotion (DIPP) (presently, Department of Promotion of Industry and Internal Trade - DPIIT) without fulfilling the primary condition of "Eligible Unit" of the DIPP Notification issued under F. No. 10(1)/2017-DBA-II/NER dated 5th October, 2017 and requiring the Company to refund the amount of ₹ 1852 lakhs approximately along with the interest of 15% p.a.

Your Company had filed necessary replies / representations in the matter and consequently received a favorable reply from the DPIIT clarifying the definition of 'Eligible Unit' and advising the Central Board of Indirect Taxes and Customs to ensure withdrawal of all the Court cases filed relating to the subject matter before the Hon'ble Courts.

18. PARTICULARS OF EMPLOYEES

The information required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 relating to the names and other particulars of top ten employees in terms of remuneration drawn is provided in **Annexure 4**, forming part of this Report.

19. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company provides a gender friendly workplace. In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Rules thereunder, the Company has in place an Internal Complaints Committee for conducting inquiry into the complaints received on harassments, if any at the workplace.

During the year under review, no case of sexual harassment was reported.

20. HUMAN RESOURCES DEVELOPMENT

Human Resource practices in your Company are guided by the principles of relevance, consistency and fairness. Your Company implements a purpose-driven culture that aligns with the Company's vision and value which is demonstrated through various people engagement programs such as "Samahroh", "Samvaad", etc.,

Your Company fosters employee engagement by organising events such as Sports Month, Annual Day and Annual Picnics for its employees. The Company celebrates days of National importance such as Independence Day, Republic Day and Yoga Day with its employees and had also organized free medical health check-up camps during the year. Your Company continued to nurture a culture in which its employees develop competencies and skill for current and future roles through training and development programs.

Industrial Relations during the year under review was generally cordial.

The Board of Directors record their sincere appreciation of the efforts of the committed team of employees.

21. ENVIRONMENT, HEALTH AND SAFETY

Your Company's Environment, Health and Safety strategies are aimed at conducting environment friendly and safe operations in its Unit and providing a safe and healthy workplace for each employee. Your Company is committed to implement environmentally sustainable initiatives in its operations. As part of this commitment, the Unit has installed a fire hydrant test line that allows water to be reused during the testing of firefighting pumps. Another water conservation measure that Unit has adopted is the reuse of treated wastewater from the sewage treatment plant for toilet flushing purposes. These measures reduce the demand for fresh water and enhance environmental sustainability.

During the year under review, the Unit implemented various measures to enhance the safety of its employees. The machines are equipped with guards to protect the employees from hazardous parts. The Unit conducted regular safety meetings with employees and management representatives to ensure compliance with safety protocols.

The Occupational Health and Safety Management System of your Company has been assessed and found to conform to the requirements of ISO 45001:2018.

ACKNOWLEDGEMENT

The Directors acknowledge the assistance and support rendered to the Company by its members, customers and business associates, banks and various authorities under the Central and State Governments and the hard work of the employees

Your Directors look forward to the future with confidence.

By order of the Board
North East Nutrients Private Limited

Dated : 17th April, 2023 — **(P. Wali)** Chairman — **(N. K. Jasper)** Director
Place : Bengaluru

Annexure 1 to the Report of Board of Directors for the financial year ended 31st March, 2023

ANNUAL REPORT ON CSR ACTIVITIES

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. **Brief outline on CSR Policy of the Company:**

   North East Nutrients Private Limited, being a subsidiary of ITC Limited ('ITC'), discharges its corporate social responsibilities by aligning itself with the CSR Policy of ITC and by undertaking CSR activities in areas or subjects which are independent of the normal conduct of the Company's business and are covered under the activities listed in Schedule VII read with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

   The Company's CSR Programmes are implemented (i) directly, or (ii) through a registered public trust or registered society or a company under Section 8 of the Act, established by ITC or otherwise, having track record of at least 3 years in undertaking CSR activities, or (iii) through other eligible implementing agencies.

   The Company may also collaborate with ITC or other companies for undertaking CSR Activities in such a manner that the respective companies are in a position to report separately on the CSR activities being undertaken.

2. **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Dharmarajan Ashok (Chairman of the Committee)	Non-Executive Director	2	1
2	Mr. Samrat Deka	Non-Executive Director	2	2
3	Mr. Neel Kingston Jasper	Non-Executive Director	2	2

3. Provide the web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company - **Not Applicable**
4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable - **Not Applicable**
5. (a) Average net profit of the Company as per Section 135(5) - ₹ **1,089.23 Lakhs**
   (b) Two percent of average net profit of the Company as per Section 135(5) - ₹ **21.78 Lakhs**
   (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years – **NIL**
   (d) Amount required to be set-off for the financial year, if any - **NIL**
   (e) Total CSR obligation for the financial year [5b+5c-5d] - ₹ **21.78 Lakhs**
6. (a) Amount spent on CSR Projects (both Ongoing project and other than Ongoing project) - ₹ **21.99 Lakhs**
   (b) Amount spent in Administrative Overheads - ₹ **15,000/-**
   (c) Amount spent on Impact Assessment, if applicable – **Not Applicable**
   (d) Total amount spent for the financial year [6a+6b+6c] - ₹ **22.14 Lakhs**
   (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
22,14,000/-	-	-	-	-	-

   (f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per section 135(5)	21,78,000
(ii)	Total amount spent for the financial year	22,14,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	36,000
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	36,000*

* The total CSR spend during the FY 2022-23 amounts to ₹ 22.14 lakhs against an obligation of ₹ 21.78 lakhs. Hence there is an excess spend of ₹ 36,000 for which set off is not being claimed by the Company.

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:**

1	2	3	4	5	6		7	8
Sl. No.	Preceding financial year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the financial year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	2019-20	Not Applicable						
2	2020-21							
3	2021-22							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:

   ○ Yes ● No

   If Yes, enter the number of Capital assets created/ acquired **Not Applicable**

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5) – **Not Applicable**

Dated: 17th April, 2023

(D. Ashok)
Chairman - CSR Committee
Kolkata

(S. Deka)
Director
Mangaldoi

Annexure 2 to the Report of Board of Directors for the financial year ended 31st March, 2023

M R & ASSOCIATES

COMPANY SECRETARIES

A Peer Reviewed Firm

pursuant to the Guidelines issued by the Institute of Company Secretaries of India

Form No. MR-3

Secretarial Audit Report

For the financial year ended 31st March, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
M/s. North East Nutrients Private Limited
Kanak Towers, 3rd Floor
7A, Anandilal Poddar Sarani
Kolkata – 700071

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. NORTH EAST NUTRIENTS PRIVATE LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our understanding, the Company has, during the audit period covering the Financial Year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2023 according to the provisions of:

i) The Companies Act, 2013 (the Act), amendments thereto and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder; (Not applicable to the Company during the audit period)

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (Not applicable to the Company during the audit period)

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the audit period)

v) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable regulations/guidelines/ circulars as may be issued by SEBI from time to time, to the extent applicable.

vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 were not applicable to the Company during the audit period, as the Company is an unlisted entity:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

We further report that based on the compliance certificate issued by the Management and placed before the Board of Directors, the following laws are specifically applicable to the Company, other than general laws like factory related laws, labour laws, environment laws etc.;

(i) Food Safety & Standards Act, 2006 and Rules made thereunder;

(ii) Legal Metrology Act, 2009 and Rules made thereunder

We have also examined compliance with the applicable clauses of the following:

(i) The Listing Agreements entered into by the Company – Not applicable to the Company during the Audit period.

(ii) Secretarial Standards issued by The Institute of Company Secretaries of India and to the extent amended and notified from time to time.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that,

The Board of Directors of the Company is duly constituted. There had been no changes in the composition of the Board of Directors that took place during the period under review. The Ministry of Corporate Affairs vide Notification dated 5th July, 2017 notified the Companies (Appointment and Qualification of Directors) Amendment Rules, 2017, exempting wholly owned subsidiary, joint venture and dormant company which are unlisted public companies from the requirement of appointing independent directors and hence, no Audit Committee, Nomination and Remuneration Committee exists as on the Financial Year ended 31st March, 2023.

Adequate notice is generally given to all Directors to schedule the Board Meetings, agendas and detailed notes on agendas were sent at least seven days in advance or at shorter notice; and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes, however, there have been no specific instances of dissent during the audit period.

We further report that based on review of compliance mechanism established by the Company, we are of the opinion that the management has adequate systems and processes commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company had redeemed 18,00,000 10% Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100 each at par on 20th April, 2022.

This Report is to be read with our letter of even date which is annexed **"ANNEXURE - A"** and forms an integral part of this Report.

For MR & Associates
Company Secretaries
A Peer Reviewed Firm
Peer Review Certificate No.: 720/2020

Place : Kolkata
Date: 17.04.2023

[CS Mohan Ram Goenka]
Partner
FCS No.:F4515
C P No.:2551
UDIN : F004515E000115571

Annexure A

TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

To,
The Members,
M/s. North East Nutrients Private Limited
Kanak Towers, 3rd Floor,
7A, Anandilal Poddar Sarani,
Kolkata – 700071.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

6. As regard the books, papers, forms, reports and returns filed by the Company under the provisions referred to in our Secretarial Audit Report in Form MR-3, the adherence and compliance to the requirements of the said provisions is the responsibility of the management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that are needed to be filed by the Company with various authorities under the said provisions.

7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

8. We have conducted our Audit remotely, based on the records and information made available to us through electronic platform by the Company.

For MR & Associates
Company Secretaries
A Peer Reviewed Firm
Peer Review Certificate No.: 720/2020

Place : Kolkata
Date : 17.04.2023

[CS Mohan Ram Goenka]
Partner
FCS No.:F4515
C P No.:2551
UDIN : F004515E000115571

Annexure 3 to the Report of Board of Directors for the financial year ended 31st March, 2023

FORM AOC – 2

for the Financial Year ended 31st March, 2023

(Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Nil

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

(a)	Name(s) of the related party and nature of relationship	**ITC Limited, Holding Company**
(b)	Nature of contracts / arrangements / transactions	Manufacturing & Sale Agreement
(c)	Duration of the contracts / arrangements / transactions	Period of 5 years effective 24th August, 2020
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year ₹ 17,619.15 lakhs (including applicable taxes).
(e)	Date(s) of approval by the Board	17th August, 2020
(f)	Amount paid as advances, if any.	Nil

(a)	Name(s) of the related party and nature of relationship	**ITC Limited, Holding Company**
(b)	Nature of contracts / arrangements / transactions	Redemption of 18,00,000 10% Cumulative Non-convertible Redeemable Preference Shares of ₹ 100/- each.
(c)	Duration of the contracts / arrangements / transactions	Period of 5 years effective from 21st April, 2017
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year ₹ 1,800.00 lakhs
(e)	Date(s) of approval by the Board	12th April, 2022
(f)	Amount paid as advances, if any.	Nil

By order of the Board
North East Nutrients Private Limited

Dated : 17th April, 2023
Place : Bengaluru

(P. Wali) Chairman
(N. K. Jasper) Director

Annexure 4 to the Report of Board of Directors for the financial year ended 31st March, 2023

Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
Top 10 employees in terms of remuneration drawn during the Financial Year 2022-23

Sl. No.	Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of Employment / Deputation	Position held / Previous Employment
A	B	C	D	E	F	G	H	I	J
1	Mr. Yanduru Giri Venkata Srikanth*	33	Chief Financial Officer	54,19,123	37,23,775	A.C.A.	9	01.08.20	Category Finance Manager, FBD, ITC Limited
2	Mr. Saurabh Saraf*	37	Chief Operating Officer	23,26,737	17,10,452	B. Tech in Mechanical Engineering	13	11.05.22	Manager - Manufacturing, FBD, ITC Limited
3	Ms. Savitha Bai S.*	40	Manager & Company Secretary	15,40,254	11,48,252	B.Com, A.C.S., MBL	20	01.03.16	Assistant Manager, Finance, FBD, ITC Limited
4	Mr. Sanjeeb Kumar Kanu	51	Assistant Manager – Finance	15,23,617	12,70,117	M.Com	20	08.12.15	Deputy Manager - Accounts, FENA Private Limited
5	Mr. Suresh Kannan C.*	43	Manager - Process Excellence	14,01,307	9,49,390	Diploma in Mechanical Engineering and Plastic Mould Design	22	04.09.22	Regional Manager, South - Confectionery
6	Mr. Mrinmoy Koushik	39	HR Manager	10,94,482	9,53,982	M.B.A. in HR	16	01.09.20	Manager HR & Admin, SRD Nutrients Private Limited
7	Mr. Pramod Kumar Shrivastav	41	Executive – Logistic & Procurement	8,21,944	7,62,094	B.A.	13	20.11.17	Store Manager, Unibics Foods India Private Limited
8	Mr. Ashok Kumar Hazarika	42	Maintenance Manager	7,46,571	6,62,271	Diploma in Instrumentation	18	01.02.21	Deputy Manager Engineering, Manjushree Technopack Limited
9	Ms. Indu Choudhury	36	Assistant Manager - Finance	7,22,799	6,77,799	M. Com, ICWA	8	01.12.17	Assistant Manager - Accounts, North West Carrying Company
10	Mr. Anil Kumar Mandal	41	Executive - Logistic & Procurement	6,54,271	6,09,271	B.A.	16	18.12.15	Store Manager - CMI Beverage

* On deputation from ITC Limited, the Holding company (ITC).

Notes:

1. In respect of employees on deputation, gross remuneration disclosed above is the deputation cost which is borne by the Company.
2. Gross Remuneration includes salary, allowances, performance bonus, contribution to Provident Fund & approved Pension Fund and other benefits / applicable perquisites, as the case may be, except the contribution to approved Gratuity Fund and provisions for leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.
3. Net Remuneration comprises cash income less:

   (a) income tax, surcharge (as applicable) & education cess deducted at source.

   (b) Employee's own contribution to Provident Fund.
4. All appointments (except deputed employees) are /were contractual in accordance with terms and conditions as per Company's rules.
5. The aforesaid employees are neither relatives of any Directors of the Company nor hold any Equity share in the Company.

By order of the Board
North East Nutrients Private Limited

Dated : 17th April, 2023
Place : Bengaluru

(P. Wali)
Chairman

(N. K. Jasper)
Director

INDEPENDENT AUDITOR'S REPORT

To the members of NORTH EAST NUTRIENTS PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **NORTH EAST NUTRIENTS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director's report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 SAs 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 SAs, we exercise professional judgement and maintain professional skepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of changes in equity dealt with by this Report are in agreement with the relevant books of account.
    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
    e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
    f) With respect to the adequacy of the internal financial controls

over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. As stated in note 28 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)
Ananthi Amarnath
(Partner)
(Membership No. 209252)
UDIN:23209252BGXMJI5886

Date : April 17, 2023
Place : Mumbai

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "1(f)" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of North East Nutrients Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)
Ananthi Amarnath
(Partner)
(Membership No. 209252)
UDIN:23209252BGXMJI5886

Date : April 17, 2023
Place : Mumbai

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' sect1ion of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

(i) In respect of property, plant and equipment:

(a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and capital-work-in progress.

B. As the Company does not hold any intangible assets, reporting under clause 3(i) of the Order is not applicable.

(b) The Property, Plant and Equipment and capital work-in-progress were physically verified during the year by the Management which, in our opinion, provides for physical verification at reasonable intervals.

No material discrepancies were noticed on such verification.

(c) Based on our examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its property, plant and equipment during the year. The Company does not have any intangible assets.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31 March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.

(iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

(iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) In respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to it, to the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act,1961 (43 of 1961) during the year.

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and upto the date of this report).

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with section 188 of the Companies Act for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The Company is a private company and hence the provisions of section 177 of the Companies Act, 2013 are not applicable to the Company.

(xiv)(a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit report issued to the Company during the year and covering the period March 2021 to February 2022 and internal audit report issued after the balance sheet date covering the period March 2022 to January 2023 for the period under audit.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or directors of it's holding company, subsidiary company, associate company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provisions of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)
Ananthi Amarnath
(Partner)
(Membership No. 209252)
UDIN:23209252BGXMJI5886

Date : April 17, 2023
Place : Mumbai

BALANCE SHEET AS AT 31ST MARCH, 2023

	Note		As at 31st March, 2023 Amount (in Lakhs)		As at 31st March, 2022 Amount (in Lakhs)
ASSETS					
Non-current assets					
(a) Property, plant and equipment	2A		**6,260.29**		7,011.10
(b) Capital work-in-progress	2B		**–**		7.78
(c) Deferred tax assets (net)	3		**622.47**		358.36
(d) Other non-current assets	4		**73.96**		77.46
Total non-current assets			**6,956.72**		7,454.70
Current assets					
(a) Inventories	5		**1,238.93**		1,193.35
(b) Financial assets					
(i) Investments	6	**2,078.17**		2,101.75	
(ii) Trade receivables	7	**383.13**		647.03	
(iii) Cash and cash equivalents	8A	**70.99**		33.31	
(iv) Other Bank balances	8B	**511.00**		500.00	
(v) Other financial assets	9	**1.07**	**3,044.36**	4.68	3,286.77
(c) Other current assets	4		**489.92**		649.22
Total current assets			**4,773.21**		5,129.34
Total assets			**11,729.93**		12,584.04
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	10	**7,300.00**		7,300.00	
(b) Other equity		**3,903.40**	**11,203.40**	2,507.96	9,807.96
Total Equity			**11,203.40**		9,807.96
Liabilities					
Non-current liabilities					
(a) Provisions	11		**127.56**		114.90
Total non-current liabilities			**127.56**		114.90
Current liabilities					
(a) Financial Liabilities					
(i) Borrowings	12	**–**		1,800.00	
(ii) Trade payables					
(A) Dues of micro, small and medium enterprises	22 (iii)	**9.53**		5.71	
(B) Dues of creditors other than micro, small and medium enterprises		**298.46**		501.07	
(iii) Other financial liabilities	13	**22.47**	**330.46**	206.29	2,513.07
(b) Provision for current liabilities	14		**6.08**		5.41
(c) Other current liabilities	15		**62.43**		142.70
Total current liabilities			**398.97**		2,661.18
Total equity and liabilities			**11,729.93**		12,584.04

The accompanying notes 1 to 29 are an integral part of the Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)

ANANTHI AMARNATH
Partner
(Membership No. 209252)

Mumbai, 17th April, 2023

For and on behalf of the Board of Directors
NORTH EAST NUTRIENTS PRIVATE LIMITED

S. DEKA
Director
(DIN 00559110)

N. K. JASPER
Director
(DIN 07462201)

P. WALI
Chairman
(DIN 06767740)

S. YANDURU
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 17th April, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

		Note	For the year ended 31st March, 2023 Amount (in Lakhs)	For the year ended 31st March, 2022 Amount (in Lakhs)
I	Revenue from operations	16	**16,068.70**	16,390.28
II	Other income	17	**89.98**	68.22
III	**Total Income (I+II)**		**16,158.68**	16,458.50
IV	**EXPENSES**			
	Cost of material consumed		**10,349.42**	10,524.92
	Changes in inventories of finished goods		**(15.90)**	83.89
	Employee benefits expense	18	**700.09**	705.15
	Finance costs	19	**9.86**	253.60
	Depreciation and amortization expense	2A	**749.19**	758.80
	Other expenses	20	**2,743.74**	2,619.49
	Total expenses (IV)		**14,536.40**	14,945.85
V	**Profit before tax (III- IV)**		**1,622.28**	1,512.65
VI	**Tax expense:**			
	Current Tax	26	**287.96**	294.63
	MAT credit entitlement	3	**(262.19)**	(285.61)
	Deferred Tax	3	**(1.92)**	60.49
VII	**Profit for the year (V-VI)**		**1,598.43**	1,443.14
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss:			
	– Remeasurements of defined benefit plans	22 (ii)	**15.91**	(6.36)
VIII	**Total other comprehensive income**		**15.91**	(6.36)
IX	**Total comprehensive income for the period/year (VII+VIII)**		**1,614.34**	1,436.79
X	Earnings per equity share (Face Value Rs.10 per share): Basic and Diluted (in ₹)	21	**2.19**	1.98

The accompanying notes 1 to 29 are an integral part of the Financial Statements.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)

ANANTHI AMARNATH
Partner
(Membership No. 209252)

Mumbai, 17th April, 2023

For and on behalf of the Board of Directors
NORTH EAST NUTRIENTS PRIVATE LIMITED

S. DEKA
Director
(DIN 00559110)

N. K. JASPER
Director
(DIN 07462201)

P. WALI
Chairman
(DIN 06767740)

S. YANDURU
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 17th April, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

A. Equity Share Capital

Amount (in Lakhs)

	Balance at the beginning of the reporting year	Changes in Equity Share Capital due to prior period items	Restated balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2022	7,300.00	-	7,300.00	-	7,300.00
For the year ended 31st March, 2023	**7,300.00**	**-**	**7,300.00**	**-**	**7,300.00**

B. Other Equity

Amount (in Lakhs)

	Reserves and Surplus		Items of other comprehensive income	Total
	Capital redemption reserve	Retained earnings	Remeasurements of defined benefit plans	
Balance as at 1st April 2022	-	**2,512.78**	**(4.81)**	**2,507.96**
Profit for the year		1,598.43	-	1,598.43
Less: Dividend Paid		(219.00)	-	(219.00)
Capital Redemption Reserve	1,800.00	(1,800.00)		-
Other Comprehensive Income (Net of Tax)	-	-	15.91	15.91
Balance as at 31st March, 2023	**1,800.00**	**2,092.21**	**11.10**	**3,903.40**
Balance as at 1st April, 2021	-	**1,069.64**	**1.55**	**1,071.18**
Profit for the year	-	1,443.14	-	1,443.14
Other Comprehensive Income (net of tax)	-	-	(6.36)	(6.36)
Balance as at 31st March 2022	-	**2,512.78**	**(4.81)**	**2,507.96**

The accompanying notes 1 to 29 are an integral part of the Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)

ANANTHI AMARNATH
Partner
(Membership No. 209252)

Mumbai, 17th April, 2023

For and on behalf of the Board of Directors
NORTH EAST NUTRIENTS PRIVATE LIMITED

S. DEKA
Director
(DIN 00559110)

N. K. JASPER
Director
(DIN 07462201)

P. WALI
Chairman
(DIN 06767740)

S. YANDURU
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 17th April, 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

		For the year ended 31st March, 2023 Amount (in Lakhs)		For the year ended 31st March, 2022 Amount (in Lakhs)
A. Cash flow from operating activities				
Profit before tax		**1,622.28**		1,512.65
Adjustments for:				
Depreciation and amortisation expense	**749.19**		758.80	
Finance costs	**9.86**		253.60	
Profit on sale of fixed assets	**(6.20)**			
Income from investments in mutual funds	**(78.24)**		(41.08)	
Interest income	**(5.55)**	**669.06**	(17.08)	954.24
Operating profit before working capital changes		**2,291.34**		2,466.89
Changes in working capital:				
Adjustments for :				
Trade receivables and other current assets	**408.00**		376.62	
Inventories	**(45.58)**		156.28	
Adjustment for:				
Trade payables, other liabilities and provisions	**(253.55)**	**108.87**	(264.68)	268.22
Cash generated from operations		**2,400.21**		2,735.11
Net income tax paid		**(269.26)**		(230.79)
Net cash from operating activities (A)		**2,130.95**		2,504.32
B. Cash flow from investing activities				
Purchase of fixed assets	**(84.74)**		(106.95)	
Proceeds from sale of fixed assets	**100.34**			
Interest income received	**9.16**		16.40	
Investment in Mutual Funds	**(3,562.82)**		(2,439.92)	
Proceeds from redemption of Mutual Funds	**3,664.65**		2,011.42	
Maturity of fixed deposit with Bank	**500.00**		-	
Fixed deposit in bank	**(511.00)**	**115.59**	(500.00)	(1,019.05)
Net cash used in investing activities (B)		**115.59**		(1,019.05)
C. Cash flow from financing activities				
Dividend paid	**(408.86)**		(180.00)	
Repayment of borrowings	**-**		(1,220.00)	
Redemption of Preference Share Capital	**(1,800.00)**		-	
Interest paid on borrowings	**-**	**(2,208.86)**	(73.60)	(1,473.60)
Net cash from/(used in) financing activities (C)		**(2,208.86)**		(1,473.60)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**37.68**		11.67
Cash and cash equivalents at the beginning of the year		**33.31**		21.64
Cash and cash equivalents at the end of the year		**70.99**		33.31

Note:

The above cash flow statement has been prepared under the "Indirect Method" as set out in IND AS-7 "Statement of Cash Flow"

The accompanying notes 1 to 29 are an integral part of the Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

(Firm's Registration No. 302009E)

ANANTHI AMARNATH

Partner

(Membership No. 209252)

Mumbai, 17th April, 2023

For and on behalf of the Board of Directors

NORTH EAST NUTRIENTS PRIVATE LIMITED

S. DEKA
Director
(DIN 00559110)

N. K. JASPER
Director
(DIN 07462201)

P. WALI
Chairman
(DIN 06767740)

S. YANDURU
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 17th April, 2023

NOTES TO THE FINANCIAL STATEMENTS

1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

A. COMPANY OVERVIEW

North East Nutrients Private Limited (the Company) is a Company incorporated on 5th August, 2013 with its registered office at Kolkata. The Company has a biscuits manufacturing facility at Mangaldai, Assam.

B. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Indian Accounting Standards notified under section 133 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013, (collectively "Ind AS"). The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

C. BASIS OF PREPARATION

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

D. OPERATING CYCLE

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

E. PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realized. All other repairs and maintenance are charged to the Statement of Profit and Loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of Property, plant and equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	30 – 60 years
Plant and Equipment	10 – 15 years
Furniture and Fixtures	10 years
Vehicles	8 years
Office Equipments	5 years

Property, plant and equipments' residual values and useful lives are reviewed, and are treated as changes in accounting estimates, at each balance sheet date.

F. IMPAIRMENT OF ASSETS

Impairment loss, if any, is provided, to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

G. INVENTORIES

Inventories are stated at lower of cost and net realisable value. The cost of inventories is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Cost of purchased inventories are determined after deducting rebates and discounts.

Obsolete, slow moving and defective inventories are identified at the time of periodic physical verification of inventories and, where necessary, a markdown is made for such inventories.

H. FINANCIAL INSTRUMENTS, FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include investments, Trade receivable, Advances, Security Deposits, Cash & Cash equivalents. Such assets are initially recognised at fair value or transaction price, as applicable, when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the assets is being fair valued through the statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose of which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at :

(a) Amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principle and/or interest.

(b) Fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that trigger purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gain or losses arising from changes in the fair value being recognised in the statement of profit and loss in the period in which they arise.

Trade receivable, Advances, Security Deposits, Cash and Cash equivalents etc are classified for measurement at amortised cost while investment may fall under any of aforesaid classes.

FINANCIAL LIABILITIES

Borrowings, trade payables and other financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is, when contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

I. REVENUE RECOGNITION

Revenue is measured at the transaction price that the Company receives or expects to receive as consideration for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods include Excise Duties and National Calamity Contingent Duty which are payable on manufacture of goods but excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods and services.

Revenue from the sale of goods is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.

J. GOVERNMENT GRANT

The Company may receive government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria.

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant.

Accordingly, government grants:

(a) related to or used for assets are included in the Balance Sheet and deducted from the carrying amount of the asset.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as income when they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

K. EMPLOYEE BENEFITS

The Company makes contributions to both defined benefit and defined contribution schemes. Provident Fund contributions are in the nature of defined contribution scheme. They are deposited with the Government and recognised as expense.

The Company's defined benefit gratuity plan is unfunded. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the statement of profit and loss. Gain or Loss on account of re-measurements are recognised immediately through Other Comprehensive Income in the period in which they occur.

A liability recognised for benefits accruing to employee in respect of wages and salaries, annual leave and sick leave in the period, the related service is rendered at the undiscounted amount of the benefit expected to be paid in exchange for that service.

M. DIVIDEND DISTRIBUTION

Dividends paid (including income tax thereon) are recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

N. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of -use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right- of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in the statement of Profit and Loss.

Short-term leases and leases of low-value assets: The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

L. BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets.

M. TAXES ON INCOME

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Minimum Alternate Tax (MAT):

MAT paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability is recognised as an asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realised.

N. OPERATING SEGMENTS

Operating Segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Segments are organized based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

O. PROVISIONS AND CLAIMS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

In respect of claims against the Company not acknowledged as debts, a careful evaluation of the facts and legal aspects of the matter involved is undertaken and appropriately disclosed.

P. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statement in conformity with generally accepted accounting principles requires managements to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current event and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Useful lives of Property, Plant and equipment:

As described in the significant accounting policies, the Company reviews the estimated useful lives of Property, Plant and equipment at the end of reporting period.

ii. Fair Value measurements and valuation processes:

Some of the Company's assets are measured at fair value for financial reporting purpose. In estimating the fair value of an asset, the Company uses market-observable data to the extent it is available.

iii. Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon the assumption determined after taking into account inflation, seniority, promotion and other relevant factors. Information about such valuation is provided in the notes to the financial statements.

All figures in Lakhs

Particulars	Gross Block						
	As at 1st April, 2021	Additions	Withdrawals and adjustments	As at 31st March, 2022	Additions	Withdrawals and adjustments	As at 31st March, 2023
2A. Property, plant and equipment							
Land	397.35	-	-	397.35	-	-	**397.35**
Buildings	5,593.85	35.15	-	5,628.99	**9.79**	-	**5,638.78**
Plant and Equipment	6,191.45	304.23	-	6,495.68	**78.72**	103.20	**6,471.20**
Furniture and Fixtures	86.62	6.87	-	93.49	-	-	**93.49**
Vehicles	43.04	-	-	43.04	-	-	**43.04**
Office Equipment	56.05	9.52	-	65.57	**4.01**	-	**69.58**
Total	12,368.35	355.76	-	12,724.12	**92.52**	**103.20**	**12,713.44**
2B. Capital work-in-progress [Refer note 2(c)]	256.59	106.95	355.76	7.78	**84.74**	**92.52**	**-**
Total	12,624.94	462.71	355.76	12,731.90	**177.26**	**195.72**	**12,713.44**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Particulars	Depreciation and Amortisation							Net Book Value	
	Upto 1st April, 2021	For the year	Withdrawals & adjustments	Upto 31st March, 2022	For the year	Withdrawals & adjustments	Upto 31st March, 2023	As at 31st March, 2023	As at 31st March, 2022
2A. Property, plant and equipment									
Land	-	-	-	-	-	-	-	397.35	397.35
Buildings	1,149.02	166.37	-	1,315.39	184.02	-	1,499.41	4,139.37	4,313.60
Plant and Equipment	3,719.63	570.13	-	4,289.75	543.80	9.06	4,824.49	1,646.71	2,205.92
Furniture and Fixtures	28.96	8.64	-	37.59	8.89	-	46.48	47.01	55.90
Vehicles	24.28	5.11	-	29.39	5.11	-	34.50	8.54	13.65
Office Equipment	32.34	8.56	-	40.90	7.37	-	48.27	21.31	24.67
Total	4,954.22	758.80	-	5,713.02	749.19	9.06	6,453.15	6,260.29	7,011.10
2B. Capital work-in-progress [Refer note 2(c)]	-	-		-	-	-	-	-	7.78
Total	4,954.22	758.80	-	5,713.02	749.19	9.06	6,453.15	6,260.29	7,018.88

Note 2(c) Capital Work in progress ageing analysis

As at 31st March, 2023	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in Progress	-	-	-	-	-
Project temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

As at 31st March, 2022	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in Progress	7.78	-	-	-	7.78
Project temporarily suspended	-	-	-	-	-
Total	7.78	-	-	-	7.78

2D. The Company does not have any Capital-work-in progress whose completion is overdue or has exceeded its cost compared to its original plan. Intangibles under development as at 31st March, 2023 is Nil (31st March, 2022 : Nil)

	As at 31st March, 2023 Amount (in lakhs)		As at 31st March, 2022 Amount (in lakhs)	
	Current	Non-Current	Current	Non-Current
3. Deferred Tax Assets (net)	–	622.47	–	358.36
TOTAL	–	622.47	–	358.36

Particulars	As at 1st April, 2022	Current year credit/ (charge) to profit and loss account	Adjustment of MAT Credit pertaining to previous year	As at 31st Mar, 2023
MAT credit entitlement (A)	**788.95**	**262.19**	-	**1,051.14**
Deferred tax assets/(liabilities) in relation to:				
Provision for expenses (i)	57.85	(15.64)	-	42.21
Provision for employee benefit expenses(ii)	30.18	14.16	-	44.34
Impact of difference in carrying amount of property, plant and equipment as per tax accounts and books (iii)	(518.62)	3.40	-	(515.22)
Deferred tax credit/(charge) as per profit and loss statement (B)=(i+ii+iii)	**(430.59)**	**1.92**	-	**(428.67)**
Net Deferred Tax Asset (A+B)	**358.36**	**264.11**	-	**622.47**

Particulars	As at 1st April, 2021	Current year credit/ (charge) to profit and loss account	Adjustment of MAT Credit pertaining to previous year	As at 31st Mar, 2022
MAT credit entitlement (A)	**513.14**	**285.61**	-	**788.95**
Deferred tax assets/(liabilities) in relation to:				
Provision for expenses (i)	107.69	(49.84)	-	57.85
Provision for employee benefit expenses(ii)	30.84	(0.66)	-	30.18
Impact of difference in carrying amount of property, plant and equipment as per tax accounts and books (iii)	(508.64)	(9.98)	-	(518.62)
Deferred tax credit/(charge) as per profit and loss statement (B)=(i+ii+iii)	**(370.11)**	**(60.49)**	-	**(430.59)**
Net Deferred Tax Asset (A+B)	**143.04**	**225.12**		**358.36**

	As at 31st March, 2023 Amount (in lakhs)		As at 31st March, 2022 Amount (in lakhs)	
	Current	Non-Current	Current	Non-Current
4. Other Non-Current & Current Assets				
Unsecured, considered good				
i) Security Deposits				
1) With statutory authorities	-	51.45	-	51.45
ii) Advance Tax	-	22.51	-	26.01
iii) Advance with Government authorities	454.27	-	564.30	-
iv) Prepaid expenses	18.32	-	20.15	-
v) Other advances	17.33	-	64.77	-
TOTAL	489.92	73.96	649.22	77.46

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2023 Amount (in lakhs) Current	Non-Current	As at 31st March, 2022 Amount (in lakhs) Current	Non-Current
5. Inventories				
(At lower of cost or net realisable value)				
Raw materials (including packing materials)	**709.19**	-	623.80	-
Finished goods (manufactured)	**152.96**	-	137.05	-
Stores and spares	**376.78**	-	432.50	-
TOTAL	**1,238.93**	-	1,193.35	-

The cost of inventories recognised as an expense includes ₹ 25.98 lakhs (2022 - ₹ 7.75 lakhs) in respect of write-downs of inventory to net realisable value.

	As at 31st March, 2023 Amount (in lakhs)	As at 31st March, 2022 Amount (in lakhs)
6. Investments - Current		
Investment in Mutual Fund (mandatorily measured at FVTPL) - Unquoted	**2,078.17**	2,101.75
TOTAL	**2,078.17**	2,101.75
6.1. Details of Investment in mutual funds		
Aditya Birla Sun Life Liquid Fund - Growth-Regular Plan NIL (2022 - 59,162.32) Units of ₹ 100 each"	-	201.41
Axis Liquid Fund - Regular Growth 13,899.96 (2022 - 31,041.41) Units of ₹ 1,000 each"	**345.30**	729.45
Nippon India Liquid Fund - Growth Plan - Growth Option NIL (2022 - 3,920.27) Units of ₹ 1,000 each"	-	202.46
UTI Liquid Cash Plan - Direct Plan - Growth NIL (2022 - 5,902.36) Units of ₹ 1,000 each"	-	205.88
UTI Liquid Cash Plan - Regular Plan - Growth 31,444.19 (2022 - 21,032.62) Units of ₹ 1,000 each"	**1,151.96**	729.14
SBI Liquid Fund Regular Growth 16,616.01 (2022 - 1,009.06) Units of ₹ 1,000 each"	**580.91**	33.41
TOTAL	**2,078.17**	2,101.75
7. Trade Receivables - Current		
Unsecured, considered good (Refer note 24)	**383.13**	647.03
TOTAL	**383.13**	647.03
8A. Cash and cash equivalents		
Balances with Banks		
Current account	**70.99**	33.31
TOTAL	**70.99**	33.31
8B. Other Bank balance #		
In deposit accounts	**511.00**	500.00
TOTAL	**511.00**	500.00
9. Other Financial Assets		
Interest accrued but not due on fixed deposits with a bank	**1.07**	4.68
TOTAL	**1.07**	4.68

Represents deposits with original maturity of more than 3 months

	As at 31st March, 2023 (No. of Shares)	As at 31st March,2023 Amount (in lakhs)	As at 31st March,2022 (No. of Shares)	As at 31st March,2022 Amount (in lakhs)
10. Equity Share capital				
Authorised				
Equity shares of ₹ 10.00 each	7,50,00,000	7,500.00	7,50,00,000	7,500.00
Preference shares of ₹ 100.00 each	20,00,000	2,000.00	20,00,000	2,000.00
Issued, Subscribed and paid up				
Equity Shares of ₹ 10 each, fully paid	**7,30,00,000**	**7,300.00**	7,30,00,000	7,300.00
A) Reconciliation of number of Equity Shares outstanding				
As at beginning of the year	**7,30,00,000**	**7,300.00**	7,30,00,000	7,300.00
Add: Issue of Shares	–	–	–	–
As at end of the year	**7,30,00,000**	**7,300.00**	**7,30,00,000**	**7,300.00**

B) **Shareholders holding more than 5% of the Equity Shares in the Company and Promoters Holding**

	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 %	As at 31st March, 2022 (No. of Shares)	As at 31st March,2022 %
ITC Limited (Holding Company)	5,54,80,000	76.00	5,54,80,000	76.00
Mukul Chandra Deka	43,80,000	6.00	43,80,000	6.00
Rajib Kumar Deka	43,80,000	6.00	43,80,000	6.00
Anupam Deka	43,80,000	6.00	43,80,000	6.00
Samrat Deka	43,80,000	6.00	43,80,000	6.00

C) **Rights, preferences and restrictions attached to the Equity Shares**
The Equity Shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

D) No shares are bought back by the Company during the period of five years immediately preceding the Balance Sheet date.

e) No shares are allotted without payment being received in cash during the five years immediately preceding the Balance Sheet date.

f) No bonus shares are allotted during five years immediately preceding the Balance Sheet date.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2023 Amount (in lakhs)	As at 31st March, 2022 Amount (in lakhs)
11. Provisions -non current		
Provision for employee benefits [Refer note 22(ii)(a)]		
Retirement benefits	127.56	114.90
TOTAL	127.56	114.90
12. Current - borrowings		
10%, Cumulative non-convertible redeemable preference share capital of ₹ 100.00 each	–	1,800.00
TOTAL	–	1,800.00
13. Other Financial liabilities		
Provision for preference share dividend	–	180.00
Other payables	22.47	26.29
TOTAL	22.47	206.29
14. Provisions - Current		
Provision for employee benefits [Refer Note 22(ii)(a)]		
Retirement benefits	6.08	5.41
TOTAL	6.08	5.41
15. Other current liabilities		
Statutory liabilities	62.43	142.70
TOTAL	62.43	142.70

	For the year ended 31st March, 2023 Amount (in lakhs)	For the year ended 31st March, 2022 Amount (in lakhs)
16. Revenue from operations		
Sale of products	14,884.13	14,520.29
Revenue from sale of products	14,884.13	14,520.29
Other operating revenues		
Subsidies - GST, Insurance & Freight	1,088.35	1,694.76
Income from scrap sale	96.22	96.09
Income from insurance claim	–	67.59
Others	–	11.55
TOTAL	16,068.70	16,390.28

	For the year ended 31st March, 2023 Amount (in lakhs)	For the year ended 31st March, 2022 Amount (in lakhs)
17. Other income		
Interest income from bank deposits measured at amortised cost	1.91	17.08
Income from Investments in Mutual Fund*	78.24	41.08
Income from Security Deposit	3.63	4.00
Interest on income tax refund	–	6.06
Profit on sale of fixed assets	6.20	-
TOTAL	89.98	68.22

*Income from investment in mutual fund comprises

a) Financial assets mandatorily measured at FVTPL ₹37.33 Lakhs (2022 - ₹ 29.20 Lakhs)

b) Net gain on sale of investments ₹ 40.90 Lakhs (2022 - ₹ 11.88 Lakhs)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2023 Amount (in lakhs)	For the year ended 31st March, 2022 Amount (in lakhs)
18. Employee benefits expense		
Salaries and wages	**513.10**	514.04
Contribution to provident and other funds [refer Note 22(ii)(b)]	**31.88**	34.28
Gratuity expenses [refer Note 22(ii)(a)]	**33.33**	36.09
Staff welfare expenses	**121.78**	120.74
TOTAL	**700.09**	705.15
19. Finance cost		
Interest expense on borrowing measured at amortised cost	-	73.60
Preference dividend	**9.86**	180.00
TOTAL	**9.86**	253.60
20. Other Expenses		
Power and fuel	**759.80**	676.55
Consumption of stores and spare parts	**188.56**	200.71
Rent	**72.40**	74.45
Rates and taxes	**11.50**	11.39
Insurance	**39.98**	39.16
Repairs		
- Machinery	**17.05**	14.43
- Building	**21.49**	2.52
- Others	**21.20**	49.54
Outward freight and handling charges	**318.48**	300.59
Contractual charges	**939.93**	912.33
Information technology services	**48.44**	45.54
Travelling and conveyance	**14.92**	11.35
Consultancy / professional fees (refer Note below)	**245.80**	222.02
Corporate social responsibility expenses [refer Note 22 (vii)]	**22.14**	18.00
Miscellaneous expenses	**22.05**	40.91
TOTAL	**2,743.74**	2,619.49
Consultancy / professional fees include :		
Auditors' remuneration and expenses *		
statutory audit fees	**8.00**	8.00
tax audit fees	**1.25**	1.25
fee for limited review	**0.50**	2.00
reimbursement of expenses	**0.30**	0.30
	10.05	11.55

* Excluding taxes

21. Earnings per equity share has been computed as under:		
(a) Profit for the year (₹)	**1,598.43**	1,443.14
(b) Weighted average number of Equity shares outstanding	**7,30,00,000**	7,30,00,000
(c) Earnings per equity share on profit for the year (Face value ₹ 10.00 per share)	**10.00**	10.00
– Basic and diluted [(a)/(b)]	**2.19**	1.98

22. Additional Notes to the Financial Statements

(i) Contingent liabilities and commitments :

(a) Contingent liabilities: Nil (2022 - Nil)

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for: ₹ 10.38 lakhs (2022 - 46.63 lakhs).

(ii) (a) Defined Benefit Plans - As per Actuarial Valuations as on 31st March, 2023 and recognized in the financial statements in respect of gratuity:

Description of Plans

The liabilities arising in the defined benefit scheme of gratuity are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method.

Risk Management

The defined benefit plan of gratuity exposes the Company to actuarial deficit arising out of interest rate risk, salary cost inflation risk, longevity risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the liabilities, leading to accounting deficit in the funds. Increase in salary due to adverse inflationary pressures might lead to higher liabilities. The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Particulars	For the year ended 31st March, 2023 in lakhs	For the year ended 31st March, 2022 in lakhs
			Gratuity	Gratuity
			Unfunded	Unfunded
I	**Components of Employer Expense**			
	- Recognised in Profit or Loss			
	1	Current service cost	25.34	23.73
	2	Past service cost	–	–
	3	Net interest cost	7.99	5.31
	4	**Total expense recognised in the Statement of Profit and Loss**	33.33	29.04
	Re-measurements recognised in other comprehensive income			
	5	(Return) on plan assets (excluding amounts included in Net interest cost)	–	–
	6	Effect of changes in demographic assumptions	(0.00)	(0.00)
	7	Effect of changes in financial assumptions	(12.99)	(6.83)
	8	Changes in asset ceiling (excluding interest income)	–	–
	9	Effect of experience adjustments	(2.92)	13.19
	10	**Total re-measurements included in Other Comprehensive Income**	(15.91)	6.36
	11	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)**	17.42	35.40
		Particulars	Gratuity	Gratuity
II	**Actual returns**		–	–
III	**Net Asset/(Liability) recognised in Balance Sheet**			
	1	Present value of Defined Benefit Obligation	133.64	120.30
	2	Fair value of plan assets	–	–
	3	Status [Surplus/(Deficit)]	(133.64)	(120.30)

Net Asset/(Liability) recognised in Balance Sheet	As at 31st March, 2023		As at 31st March, 2022	
	Current	Non-current	Current	Non-current
Gratuity	6.08	127.56	5.41	114.90

		Particulars	As at 31st March, 2023 in lakhs	As at 31st March, 2022 in lakhs
			Gratuity	Gratuity
IV	**Change in Defined Benefit Obligation (DBO)**			
	1	Present value of DBO at the beginning of the year	120.30	84.90
	2	Current service cost	25.34	23.73
	3	Interest cost	7.99	5.31
	4	Cash flows	(4.08)	-
	5	Remeasurement losses / (gains):	-	-
		Effect of changes in demographic assumptions	-	-
		Effect of changes in financial assumptions	(12.99)	(6.83)
		Effect of experience adjustments	(2.92)	13.19
	6	**Present Value of DBO at the end of the year**	133.64	120.30

V		**Actuarial Assumption**	As at 31st March, 2023	As at 31st March, 2022
			Discount Rate (%)	Discount Rate (%)
	1	Discount rate	7.50%	6.75%
	2	Weighted expected rate of salary increase	12%	12%
	3	Retirement age	60	60
	4	Attrition rate	8%	8%
	5	Mortality table	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate
		The estimates of future salary increase, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.		

Sensitivity analysis

	Particulars	As at 31st March, 2023	As at 31st March, 2022
1	Discount rate +100 basis points	118.88	106.18
2	Discount rate -100 basis points	151.39	137.50
3	Salary Increase Rate +1%	149.95	134.42
4	Salary Increase Rate -1%	119.74	107.48
5	Attrition Rate +1%	128.15	114.59
6	Attrition Rate -1%	140.03	127.05

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(b) Provident Fund contributions are in the nature of defined contribution scheme. They are deposited with the Government and recognised as expense.

Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 18 ₹ 31.88 Lakhs (2022 - ₹ 34.28 Lakhs).

(c) Leave is paid on a yearly basis and is not considered to be a long-term retirement benefit.

(iii) Micro, Small and Medium scale business entities:

Payable to Micro and Small Enterprises as at 31st March 2023 is ₹ 9.53 Lakhs (2022 - ₹ 5.71 Lakhs) on account of trade payables and Nil (2022 - Nil) on account of other current liabilities. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March 2023. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; - Principal - Interest	Principal - Rs.9.53* Interest – Nil	Principal - Rs.5.71* Interest – Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro, small, and medium enterprises Development Act, 2006 (the Act) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the said Act;	–	–
The amount of interest accrued and remaining unpaid at the end of each year; and	–	–
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	–	–

*Dues not outstanding for more than 45 days.

(iv) The Company has entered into cancellable operating lease arrangement for office space, residential accommodation and plant & equipment. The lease rentals payable is charged as 'Rent' under Note 20.

(v) The Company operates in a single business segment of manufacturing biscuits and the principal geographical segment is India. The chief operating decision maker (CODM) is the Board of Directors. The entire sales of finished goods of the Company are to ITC Limited (Holding Company).

(vi) Financial instruments and related disclosures

1. Capital Management

The Company funds its operations through a mix of equity and borrowings. The gearing ratio of the Company as on 31st March 2023 is 0:1 (2022 – 0.18:1). The Company aims to maintain adequate supply of funds towards future growth of its business as a going concern.

The capital structure of the Company consists of equity ₹ 11,203.40 Lakhs and debt of ₹ Nil. The Company is not subject to any externally imposed capital requirement.

2. Categories of Financial Instruments

Particulars	Note	As at 31st March, 2023		As at 31st March, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and Cash Equivalents	8A	**70.99**	**70.99**	33.31	33.31
ii) Other Bank Balances	8B	**511.00**	**511.00**	500.00	500.00
iii) Trade Receivables	7	**383.13**	**383.13**	647.03	647.03
b) Measured at Fair Value Through Profit or loss					
i) Investment in Mutual Funds	6	**2,078.17**	**2,078.17**	2,101.75	2,101.75
Total financial assets		**3,043.29**	**3,043.29**	3,282.09	3,282.09
B. Financial liabilities					
a) Measured at amortised cost					
i) Borrowings	12	-	-	1,800.00	1,800.00
ii) Trade Payables		**307.99**	**307.99**	506.78	506.78
iii) Other financial liabilities	13	**22.47**	**22.47**	206.29	206.29
Total financial liabilities		**330.46**	**330.46**	2,513.07	2,513.07

3. Financial risk management objectives

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company is striving to develop a system-based approach to business risk management. The Company's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the business. Backed by strong internal control systems, the current Risk Management Framework rests on policies and procedures issued by appropriate authorities; process of regular reviews / audits to set appropriate risk limits and controls; monitoring of such risks and compliance confirmation for the same.

Market risk

The Company is not an active investor in Equity market. The Company's investments are predominantly held in debt mutual funds. The Company also invest in mutual fund schemes of leading fund houses. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested such price risk are not significant. Commodity price risk arising out of movement of prices of raw materials, packing materials, consumables etc. are transferred to customers. Derivative transactions are not undertaken.

i. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As majority of the financial assets and liabilities of the Company are either short term or fixed interest-bearing instruments, the Company's net exposure to interest risk is negligible.

ii. Commodity Price risk

The Company's exposure to commodity price risk price is negligible as it follows the policy of passing on such risk to its customers and maintain adequate inventory cover for its operations.

a) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

Particulars	As at 31st March, 2023						
	Contractual Cash flows* (Figures in lakhs)						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 years	Total
Borrowings	-	-	-	-	-	-	-
Trade Payables	307.99	307.99	-	-	-	-	307.99
Other Financial Liabilities	22.47	22.47	-	-	-	-	22.47
	330.46	**330.46**	-	-	-	-	**330.46**

Particulars	As at 31st March, 2022						
	Contractual Cash flows* (Figures in lakhs)						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 years	Total
Borrowings	1,800.00	1,800.00	-	-	-	-	1,800.00
Trade Payables	506.78	506.78	-	-	-	-	506.78
Other Financial Liabilities	206.29	206.29	-	-	-	-	206.29
	2,513.07	**2,513.07**	-	-	-	-	**2,513.07**

* The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay. The table includes principal cash flows.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company.

The Company has sales to a single customer which is also the holding Company. Hence, there is no credit risk to the Company.

4. Fair value measurement

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables and payables and other current financial assets and liabilities are equal to the carrying amounts of these items due to their short – term nature.

There has been no change in the fair valuation methodology as compared to previous year.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis.

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31st March, 2023	As at 31st March, 2022
A. Financial assets			
Measured at Fair Value Through Profit or Loss			
Investment in Mutual Funds	1	**2,078.17**	2,101.75
Total financial assets		**2,078.17**	2,101.75
B. Financial liabilities			
Measured at amortised cost			
Borrowings	2	–	1,800.00
Total financial liabilities		–	1,800.00

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vii) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities :

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
(i) Amount required to be spent by the company during the year	21.78	17.74
(ii) Amount of expenditure incurred	22.14	18.00
(iii)Shortfall at the end of the year	Nil	Nil
(iv)Total of previous years shortfall	Nil	Nil
(v) Reason for shortfall	NA	NA
(vi) Nature of CSR activities	Promoting education among children through digital means; contribution to Clean Ganga Fund	Promoting education among children through digital means
(vii) Details of related party transactions	NA	NA
(viii) Where a provision is made with respect to a liability incurred by entering a contractual obligation	NA	NA

(viii) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

- Ind AS 1, 'Presentation of Financial Statements' - The amendments require companies to disclose their material accounting policies rather than their significant accounting policies.
- Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments clarify how companies account for deferred tax on transactions such as leases.
- Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – This amendment has introduced a definition of 'accounting estimates' and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these amendments.

23. Trade payables

Aging of trade payables: (₹ in Lakhs)

Trade Payable as on 31.03.2023	Outstanding for the following periods from due date						
	Not Due	Unbilled Payable	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
MSME	9.53	-	-	-	-	-	9.53
Others	124.32	174.14	-	-	-	-	298.46
Disputed dues – MSME	-	-	-	-	-	-	-
Disputed dues-Others	-	-	-	-	-	-	-
Total	**133.85**	**174.14**	-	-	-	-	**307.99**

Trade Payable as on 31.03.2022	Outstanding for the following periods from due date						
	Not Due	Unbilled Payable	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
MSME	5.71	-	-	-	-	-	5.71
Others	69.47	278.90	152.70	-	-	-	501.07
Disputed dues – MSME	-	-	-	-	-	-	-
Disputed dues-Others	-	-	-	-	-	-	-
Total	**75.18**	**278.90**	**152.70**	-	-	-	**506.78**

24. Trade receivables

Aging for trade receivables: (₹ in Lakhs)

Trade Receivables as on 31.03.2023	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
- considered good	383.13	-	-	-	-	-	383.13
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables	-	-	-	-	-	-	-
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Total Receivable	**383.13**	-	-	-	-	-	**383.13**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Trade Receivables as on 31.03.2022	Unbilled Receivable	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
- considered good	647.03	-	-	-	-	-	647.03
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Total Receivable	**647.03**	-	-	-	-	-	**647.03**

25. Financial Ratios

Ratio (numerator/denominator)	For the period ended 31st March 2023	For the period ended 31st March 2022	% Variance	Reason for variance
Current Ratio (Current Assets/Current Liabilities)	11.96	1.93	521%	Reduction in Current Liabilities due to redemption of Preference Share Capital
Debt-Equity Ratio (Debt/Equity)	0.00	0.18	-100%	Redemption of Preference Share Capital during current year
Debt Service Coverage Ratio (Earnings for Debt Service*/Debt Service#)	1.18	1.67	-28%	Redemption of Preference Share Capital during current year
Return on Equity (PAT/Closing Net Worth)	14%	15%	-2%	-
Inventory Turnover Ratio (Sales/Closing Inventory)	12.0	12.2	-1%	-
Trade Receivables turnover ratio (Sale/Closing Trade Receivables)	38.8	22.4	73%	Lower trade receivables at the year end
Trade Payables turnover ratio (Sale/Closing Trade Payables)	48.3	28.7	69%	Lower trade payables at the year end
Net Capital turnover Ratio (Sale /Working Capital**)	3.4	5.9	-42%	Higher working capital on account of surplus generated during the year
Net Profit Ratio (Net Profit/Sales)	10.7%	9.9%	9%	-
Return on Capital employed (PBIT/Capital Employed)	14.0%	14.7%	-4%	-
Return on Investment (Income from Treasury Surplus/Average Treasury Surplus)	5.96%	3.59%	67%	Higher yields in Mutual Funds

*Earnings for Debt Service: Profit for the year + Depreciation + Finance Cost
Debt service includes redemption of preference shares and principal repayment of loan
**Working Capital: Current Assets - Current Liabilities

26. Tax Expense

(a) Income Tax recognised in statement of Profit & Loss

Particulars	**For the year ended 31st Mar, 2023**	For the year ended 31st Mar, 2022
Current tax		
In respect of the current year		
Provision for MAT	**262.19**	285.61
Add: Tax as per normal Income tax provisions	**25.77**	9.02
Total	**287.96**	294.63
Less : MAT credit	**(262.19)**	(285.61)
	25.77	9.02
Deferred Tax		
In respect of the current year	**(1.92)**	60.49
	23.85	69.51

(b) Income Tax recognised in other comprehensive income

Particulars	**For the year ended 31st Mar, 2023**	For the year ended 31st Mar, 2022
Deferred Tax		
Reimbursement of defined benefit obligation	–	–
Total Income Tax recognised in other comprehensive income	–	–

(c) Reconciliation of Tax expense and accounting profit

Particulars		**For the year ended 31st Mar, 2023**	For the year ended 31st Mar, 2022
Profit before tax			
Applicable Tax Rate (Current Tax)		**1,622.28**	1,512.65
		26.00%	29.12%
Income Tax calculated at applicable rate	A	**421.79**	440.48
Adjustment on account of :			
Incentive U/s 80IE, unabsorbed depreciation and timing difference		**(412.32)**	(404.53)
Adjustments related to previous year		**6.10**	–
Permanent differences		8.28	33.56
	B	**(397.94)**	(370.97)
Income tax expense recognised in statement of profit and loss(A+B)		**23.85**	69.51

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

27. Related Party Disclosures

1 The company has the following related parties

Holding Company
ITC Limited

Key Management Personnel

Paritosh Wali	Non- Executive Director
Neel Kingston Jasper	Non- Executive Director
Dharmarajan Ashok	Non- Executive Director
Samrat Deka	Non- Executive Director
K. Raghavaiah	Non- Executive Director and Independent director (till 19th July, 2021)
Members- Management Committee:	
Srikanth Yanduru	Chief Financial Officer
Savitha Bai	Manager & Company Secretary

2 Related Parties with whom the Company had transactions

ITC Limited	Holding Company
ITC Infotech India Limited	Fellow Subsidiary
Russell Credit Limited	Fellow Subsidiary
M/s Sunandaram Deka	Partnership firm in which one of the directors is a partner
M/s Repose	Partnership firm in which one of the directors is a partner
M/s Repose Highway Private Limited	Partnership firm in which one of the directors is a partner

Key Management Personnel

K. Raghavaiah	Non- Executive Director and Independent director (till 19th July, 2021)
Savitha Bai	Manager & Company Secretary

27. Related Party Disclosures (contd.)

(All Figure in Lakhs)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES

RELATED PARTY TRANSACTIONS SUMMARY		Holding Company		Fellow Subsidiaries				Firm in which Director is interested						KMP		Total	
		ITC Limited		ITC Infotech India Limited		Russell Credit Limited		M/s Sunandaram Deka		M/s Repose		M/s Repose Highway Private Limited					
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
1	Sale of goods (incl GST)	17,619.15	17,159.99	-	-	-	-	-	-	-	-	-		-	-	17,619.15	17,159.99
2	Sale of capital goods (incl GST)	118.51	-	-	-	-	-	-	-	-	-	-		-	-	118.51	-
3	Purchase of goods/ services (incl GST)	131.91	392.40	-	-	-	-	0.39	0.28	8.90	3.47	1.12	0.14	-	-	142.32	396.29
4	Leasing or rental services (incl GST)	41.50	40.94	-	-	-	-	-	-	-	-	-	-	-	-	41.50	40.94
5	Management services (incl GST)	-	-	8.78	8.35	-	-	218.06	218.06	-	-	-	-	-	-	226.84	226.42
6	Labour contract services (incl GST)	-	-	-	-	-	-	1,061.86	1,020.79	-	-	-	-	-	-	1,061.86	1,020.79
7	Internal Audit fees (incl GST)	2.54	2.07	-	-	-	-	-	-	-	-	-	-	-	-	2.54	2.07
8	Preference dividend / interest	9.86	180.00	-	-	-	73.60	-	-	-	-	-	-	-	-	9.86	253.60
9	Repayment of Preference Share Capital	1,800.00	-	-	-	-	-	-	-	-	-	-	-	-	-	1,800.00	-
10	Dividend Paid	166.44	-	-	-	-	-	-	-	-	-	-	-	13.14	-	179.58	-
11	Remuneration to Directors & other KMPs																
	- K. Raghavaiah (Sitting Fees)	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60	-	0.60
12	Reimbursement to Directors & other KMPs																
	- Savitha Bai	-	-	-	-	-	-	-	-	-	-	-	-	0.05	-	0.05	-
13	Remuneration of managers on deputation reimbursed	109.00	140.85	-	-	-	-	-	-	-	-	-	-	-	-	109.00	140.85
14	Repayment of Loans		-	-	-	-	1,220.00	-	-	-	-	-	-	-	-	-	1,220.00

RELATED PARTY BALANCES		Holding Company		Fellow Subsidiaries				Firm in which Director is interested						KMP		Total	
		ITC Limited		ITC Infotech India Limited		Russell Credit Limited		M/s Sunandaram Deka		M/s Repose		M/s Repose Highway Private Limited					
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2021	2023	2022	2023	2022
Balances as at 31st March, 2023 (unsecured unless otherwise stated)																	
1	Receivables*	383.13	678.49	-	-	-	-	-	-	-	-	-	-	-	-	383.13	678.49
2	Payables*	-	31.63	-	-	-	-	-	-	-	-	-	-	-	-	-	31.63
3	Preference Share Capital	-	1,800.00	-	-	-	-	-	-	-	-	-	-	-	-	-	1,800.00

* The amount of receivable from ITC Limited will be settled in cash. ₹ 383.13 lakhs (PY ₹ 646.86 lakhs)

28. The Board of Directors at their meeting held on 17th April, 2023 recommended a dividend of Rs. 1.31 per equity share for the financial year ended 31st March, 2023 aggregating to Rs. 956.3 Lakhs, for the approval of shareholders at the ensuing Annual General Meeting.

29. The financial statements were approved for issue by the board of directors on 17th April, 2023.

For and on behalf of the Board of Directors

S. DEKA
Director
(DIN 00559110)

N. K. JASPER
Director
(DIN 07462201)

P. WALI
Director
(DIN 06767740)

S. Yanduru
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 17th April, 2023

REPORT OF THE BOARD OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. Your Directors submit their 29th Report for the financial year ended 31st March, 2023.

2. **ECONOMIC ENVIRONMENT**

The year under review witnessed tightening of financial conditions, both domestic and global, due to aggressive contraction of monetary policy by Central Banks to contain elevated inflation. Policy tightening by the U.S. Federal Reserve during the year was unprecedented and as other Central Banks lagged the Federal Reserve in rising interest rates, the US Dollar strengthened against most currencies. However, towards the later part of the year, financial conditions globally started to ease, inflation moderated, and Central Banks in developed markets stepped in to infuse liquidity to avoid systematic banking crisis which increased the likelihood of pause in interest rate hikes.

Amidst a challenging global macro-economic environment, Indian economy depicted resilience and is likely to close fiscal year 2023 with GDP growth of around 7.0%. The post pandemic recovery turned broad-based during the year. Uptick in private consumption gave a boost to production activity resulting in increase in capacity utilisation. Towards the later part of the year under review, external sector balances which remained stressed in the first half on the back of high commodity prices and capital outflows started to improve on account of higher surplus in service trade, moderation in commodity prices and decline in imports due to fading of festive demand. The current account deficit for FY 2022-23 is estimated to be around 1.8%, as against 3.0% projected in the first half of the year.

Market interest rates increased sharply during the year as the Reserve Bank of India ('RBI') prioritised 'inflation control' and front-loaded Policy interest rate hikes, in line with the policy response of global Central Banks to surging inflation. During FY 2022-23, the RBI increased Repo rate by aggregate 250 bps. Market yield on short tenure securities rose more than the long tenure ones resulting in flattening of the yield curve.

3. **FINANCIAL PERFORMANCE**

Your Company delivered another year of good performance across all financial parameters. Revenue from operations for the year was ₹ 4,456.26 lakhs (previous year: ₹ 3,998.32 lakhs) and Net Profit for the year was ₹ 3,829.80 lakhs (previous year: ₹ 3,346.38 lakhs), driven by increase in the yield of financial instruments. Total Comprehensive Income for the year stood at ₹ 5,523.75 lakhs (previous year: ₹ 12,079.29 lakhs). Your Company continues to closely monitor its investments in line with market interest rate movements and explore opportunities to make strategic investments for the ITC Group. Temporary surplus liquidity of your Company is mainly deployed in debt mutual funds, bonds and bank fixed deposits.

The financial results of your Company, summarised, are as under:

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
Profits		
a. Profit Before Tax	**4,367.70**	3,686.05
b. Less : Tax Expense	**537.90**	339.67
c. Profit After Tax	**3,829.80**	3,346.38
d. Add : Other Comprehensive Income	**1,693.95**	8,732.91
e. Total Comprehensive Income	**5,523.75**	12,079.29
Retained Earnings		
a. At the beginning of the year	**7,274.84**	5,825.50
b. Add : Profit for the year	**3,829.80**	3,346.38
c. Add : Other Comprehensive Income	**(0.57)**	0.55
d. Less : Transfer from Retained Earnings to Special Reserve	**765.96**	669.28
e. Less : Dividend paid	**387.89**	1,228.31
f. At the end of the year	**9,950.22**	7,274.84

4. **DIVIDEND**

The Directors of your Company are pleased to recommend a Final Dividend at the rate of ₹ 0.29 per Equity Share (previous year ₹ 0.25 per Equity Share) of ₹ 10/- each (to be paid in proportion to the amount paid-up on each Equity Share) for the financial year ended 31st March, 2023. Total cash outflow on account of Dividend will be ₹ 1,874.79 lakhs on 67,28,76,577 Equity Shares of ₹ 10/- each.

5. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) **Changes in Directors**

Mr. Trasi Sadashiva Madhava Shenoy (DIN: 09476476) was appointed, with your approval, as a Non-Executive Director of the Company with effect from 20th June, 2022.

The Board of Directors of your Company ('the Board'), on the recommendation of the Nomination and Remuneration Committee, appointed Messrs. Jagdish Singh (DIN: 00042258) and Subramani Suresh Kumar (DIN: 09746199) as Additional Directors of the Company with effect from 22nd July, 2022 and 1st October, 2022, respectively. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 130 of the Articles of Association of the Company, Messrs. Singh and Suresh Kumar will vacate office at the ensuing Annual General Meeting ('AGM') and are eligible for appointment as Directors of the Company.

The Board at the meeting held on 25th April, 2023, on the recommendation of the Nomination and Remuneration Committee, has recommended for the approval of the Members, the appointment of Messrs. Singh and Suresh Kumar as Non-Executive Directors of your Company, liable to retire by rotation. Requisite Notices under Section 160 of the Act have been received by the Company for the appointments of Messrs. Singh and Suresh Kumar, who have filed their consents to act as Directors of your Company, if appointed.

Appropriate resolutions seeking your approval to the aforesaid appointments are appearing in the Notice convening the ensuing AGM of the Company.

Mr. Rajiv Tandon (DIN: 00042227), consequent to his retirement from the services of ITC Limited, the Holding Company, stepped down as the Chairman and Non-Executive Director of your Company with effect from 22nd July, 2022. Your Directors place on record their appreciation for the valuable contribution made by Mr. Tandon during his tenure with the Company. The Board appointed Mr. Supratim Dutta as the Chairman of the Company with effect from 22nd July, 2022.

(b) **Changes in Key Managerial Personnel**

During the year, there were no changes in the Key Managerial Personnel of the Company.

(c) **Attributes, qualifications and appointment of Directors**

In terms of the Corporate Governance Policy of your Company, the Board will comprise such number of Directors as it may deem fit within the limits prescribed by the statute. In terms of the Articles of Association of your Company, the strength of the Board shall not be fewer than three nor more than twelve.

As reported in earlier years, the attributes and qualifications of the Directors provided in Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 were adopted by the Nomination and Remuneration Committee. In terms of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has a Policy for ascertaining 'fit and proper criteria' of Directors, approved by the Board. All the Directors of the Company fulfil the said fit and proper criteria for appointment as Directors. Due diligence for this purpose is undertaken by the Nomination and Remuneration Committee at the time of appointment of Directors.

(d) **Retirement by Rotation**

All the Directors of the Company are liable to retire by rotation and one-third of them retire every year and are eligible for re-election. In accordance with the provisions of Section 152 of the Act read with the Articles of Association of the Company, Mr. Rajendra Kumar Singhi (DIN: 00009931), Director, will retire by rotation at the ensuing AGM of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

(e) **Board evaluation**

The Board carried out annual performance evaluation of its own performance and that of the individual Directors as also functioning of the Board Committees, in terms of Section 134 of the Act. The performance evaluation of the Board and the Directors, as in the previous year, was based on criteria approved by the Nomination and Remuneration Committee. Reports on functioning of the Board Committees were placed before the Board.

(f) **Remuneration Policy**

The Remuneration Policy of the Company for the Key Managerial Personnel, Senior Management and other employees, as amended from time to time with the approval of the Board, is enclosed as **Annexure 1** to this Report.

6. **BOARD AND BOARD COMMITTEES**

During the year ended 31st March, 2023, six Board meetings were held. The Company has five Board Committees, details of which are given in the Report and Accounts under the section 'Report on Corporate Governance'.

7. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts for the financial year ended 31st March, 2023, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

8. **DISCLOSURES UNDER RBI REGULATIONS**

The disclosures as required under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Scale Based Regulatory Framework for NBFCs, and other applicable RBI Directions are provided in the Notes to the Financial Statements of the Company, and the Schedule required in terms of Para 19 of the aforesaid Directions is appended to the Balance Sheet.

9. **SUBSIDIARY AND ASSOCIATES**

The statement in Form AOC-1 containing the salient features of the financial statements of the Company's subsidiary and associates is attached to the Financial Statements of the Company.

The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements. However, brief details of the performance and financial position of the Company's subsidiary and associates are given below:

Name of Subsidiary / Associates	Total Income / Revenue		Net Profit / (Loss)	
	FY 2022-23 (₹ in lakhs)	FY 2021-22 (₹ in lakhs)	FY 2022-23 (₹ in lakhs)	FY 2021-22 (₹ in lakhs)
Subsidiary company				
Greenacre Holdings Limited	829.95	808.62	199.35	178.61
Associate companies				
International Travel House Limited	18,690.25	9,651.10	2,838.59	(1,069.65)
Divya Management Limited	74.16	40.18	42.14	27.98
Antrang Finance Limited	53.55	21.76	31.85	4.85
Russell Investments Limited	354.77	282.60	251.99	338.43
Maharaja Heritage Resorts Limited	720.05	470.08	50.73	28.34

10. **HUMAN RESOURCES**

Human Resource Development practices in your Company are aligned with those of ITC Limited and are guided by the principles of relevance, consistency and fairness. A productive workplace has been and remains a key requirement for successful business performance of your Company. The Company had 9 (nine) employees as on 31st March, 2023, including three employees on deputation from ITC Limited.

The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including details of employees who had drawn remuneration more than the limit specified in the said Rule, are provided in **Annexure 2** to this Report.

The Company seeks to create equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has an Internal Complaints Committee in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint for sexual harassment was received.

11. **WHISTLEBLOWER MECHANISM**

The Company has formulated a Whistleblower Policy in compliance with the Scale Based Regulatory Framework for NBFCs prescribed by the RBI. The said Policy encourages Directors and employees to bring to the Company's attention, instances of illegal or unethical conduct, actual or suspected incidents of fraud, or actions that affect the financial integrity of the Company, that could adversely impact the Company's operations, business performance and / or reputation. The Policy requires the Company to investigate such incidents, when reported, in an impartial manner and take appropriate action to ensure that the requisite standards of professional and ethical conduct are always upheld. During the year under review, no complaint under the Whistleblower Policy was received.

12. **RISK MANAGEMENT**

The Company's risk management framework addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Auditor of the Company periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened.

The Risk Management Committee of the Board constituted in terms of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 periodically reviews the risk management framework of the Company, with the objective of addressing the existing and emerging challenges in a dynamic business environment. The Company has a Liquidity Risk Management Policy in terms of which the overall responsibility for management of liquidity risk vests with the Board. The Asset Liability Management Committee of the Board monitors the liquidity risks, if any, of the Company at periodic intervals. The IT Strategy Committee constituted in terms of the RBI's Master Direction on Information Technology Framework for NBFCs reviews and monitors the cyber security risks in the Company. In addition, the Audit Committee and the Board annually review the effectiveness of the Company's risk management systems and policies.

A combination of policies and processes as outlined above adequately addresses the various risks associated with the Company's business.

13. **INTERNAL CONTROL SYSTEMS**

Your Company has in place adequate internal control systems in connection with its operations, compliances as also internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor periodically evaluates the adequacy and effectiveness of internal control systems in the Company. The Audit Committee which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes are undertaken to ensure that such systems are reinforced on an ongoing basis.

14. **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Annual Report on CSR Activities of the Company in terms of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure 3** to this Report.

15. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The requirements of Section 186 of the Act relating to loans, guarantees and investments are not applicable to the Company.

16. **RELATED PARTY TRANSACTIONS**

The Policy on dealing with Related Party Transactions of the Company, as approved by the Board, is enclosed as **Annexure 4** to this Report.

The details of material related party transaction(s) of the Company in the prescribed Form No. AOC-2 are enclosed under **Annexure 5** to this Report.

17. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

18. **COST RECORDS**

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

19. **AUDITORS**

(a) **Statutory Auditors**

Messrs. Maheshwari & Associates, Chartered Accountants, were appointed as the Auditors of your Company at the Twenty Eighth AGM held on 20th June, 2022 to hold such office till the conclusion of the Thirty Third AGM. On the recommendation of the Audit Committee and pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of Messrs. Maheshwari & Associates for the financial year 2023-24. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

(b) **Secretarial Auditors**

Your Board appointed Messrs. S. M. Gupta & Co., Company Secretaries, to conduct secretarial audit of the Company for the financial year ended 31st March, 2023. The Secretarial Auditors have confirmed that your Company has complied with the applicable laws and that there are adequate systems and processes in your Company commensurate with its size and scale of operations to monitor and ensure compliance with the applicable laws. The Report of Messrs. S. M. Gupta & Co., in terms of Section 204 of the Act, is enclosed as **Annexure 6** to this Report.

20. **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

21. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

During the year under review, there has been no foreign exchange earnings or outflow.

On behalf of the Board

S. DUTTA *Chairman*

Dated: 25th April, 2023 T.S.M. SHENOY *Director*

Annexure 1 to the Report of the Board of Directors & Management Discussion and Analysis for the financial year ended 31st March, 2023

Remuneration Policy

This Remuneration Policy has been framed in terms of the Companies Act, 2013 and the 'Scale Based Regulatory Framework for NBFCs' prescribed by the Reserve Bank of India, as amended from time to time.

The Company's Remuneration Strategy is designed to attract and retain quality talent that gives its business a competitive advantage and enables the Company to achieve its objectives.

The Company's Remuneration Strategy, whilst focusing on remuneration and related aspects of performance management, reinforces the employee value proposition of an enabling work environment, an empowering and engaging work culture, and opportunities to learn and grow.

The Compensation approach endeavours to align each employee with the Company's goals.

POLICY

It is the Company's Policy:

1. To ensure that its Remuneration practices support and encourage meritocracy.
2. To ensure that Remuneration is reasonable and takes into account the competitive context of the Company's business.
3. To leverage Remuneration as an effective instrument to enhance performance.
4. To adopt a comprehensive approach to Remuneration in order to support a superior quality of personal and work life, in a manner so as to judiciously balance short term with long term priorities.
5. To design Remuneration practices such that they reinforce the Company's values and culture and to implement them in a manner that complies with all relevant regulatory requirements.

Constitution and Role of Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board (the Committee) will have the constitution, powers, functions and duties as laid down under the Companies Act, 2013 and the RBI Regulations. The Committee, in particular, will:

- formulate the Remuneration Policy of the Company and recommend the same for the approval of the Board;
- work in close coordination with the Risk Management Committee of the Company, as necessary, to achieve effective alignment between compensation and risks; and
- ensure that the compensation levels are, inter alia, supported by the need to retain earnings of the Company.

Remuneration of Key Managerial Personnel (KMP) and Senior Management

1. Remuneration of the KMP and Senior Management of the Company is determined and recommended by the Committee and approved by the Board. Remuneration of the Managing Director / Wholetime Director / Manager, if any, is also subject to the approval of the shareholders of the Company.
2. Remuneration of the KMP and Senior Management who are on deputation from the Holding Company or other group company may also be aligned to the Remuneration Policy of that company.
3. Remuneration is reviewed and revised periodically, as and when such revision is warranted by the market. The quantum of revision is linked to market trends, the competitive context of the Company's business, as well as the performance and potential of the individual employee.
4. The KMP and Senior Management of the Company are eligible for Fixed Pay and Variable Pay in order to facilitate alignment of their priorities with the long-term interests of stakeholders.
   - Fixed Pay comprises all fixed elements of remuneration, perquisites (including both monetary and non-monetary perquisites) and contribution towards retirement benefits, as applicable.
   - Variable Pay is in the form of cash, and linked to the individual performance of the KMP and Senior Management and the overall performance of the Company.
5. Deferred compensation of the KMP and Senior Management, if any, may be subject to malus / claw back arrangements, inter alia, in the event of any fraud, malfeasance, breach of trust, wilful misrepresentation / misreporting of financial performance of the Company or wilful, reckless or grossly negligent conduct, as may be determined by the Committee and the Board.

Remuneration of employees other than KMP

1. Remuneration of employees other than KMP is approved by the Board.
2. Remuneration is reviewed and revised periodically, as and when such revision is warranted by the market. The quantum of revision is linked to market trends, the competitive context of the Company's business, as well as the performance and potential of the individual employee.
3. Variable Pay is based on the performance rating of the individual employee.

This Policy will be effective from 1st April, 2023 and will be reviewed as and when deemed necessary.

Notes:

1. *The terms 'Key Managerial Personnel' and 'Senior Management' shall have the meaning assigned to them under Sections 2(51) and 178 of the Companies Act, 2013, respectively.*
2. *'Malus' arrangement will permit the Company to prevent payment of all or part of the amount of unpaid deferred compensation. Under 'clawback' arrangement, the Company can recover all or part of the previously paid deferred compensation, as may be determined by the Committee and the Board.*

Annexure 2 to the Report of the Board of Directors & Management Discussion and Analysis for the financial year ended 31st March, 2023

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Name	Age (Years)	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
A. Marodia *	40	Chief Financial Officer	1,22,42,460/-	59,46,363/-	B.Com. (Hons.), A.C.A.	18	01.01.2022	ITC Limited - Manager (Domestic Treasury)
N. Bajaj *	39	Manager and Company Secretary	1,15,76,167/-	71,71,273/-	B. Com. (Hons.), A.C.S., M.B.L.	15	01.10.2019	ITC Limited - Deputy Company Secretary
J. Banerjee *	55	Internal Auditor	44,25,979/-	17,75,306/-	B.Com. (Hons.), F.C.A., C.M.A.	30	01.10.2022	ITC Limited - General Manager (Corporate Audit)
S. Bose	57	Office Associate	11,23,360/-	8,26,586/-	B.Sc., Post Graduate Diploma in Computers	28	01.02.1999	Sage Investments Limited - Secretarial Assistant
U. Choudhury	30	Assistant Manager	10,50,845/-	8,60,658/-	B.Com. (Hons.), C.M.A.	8	01.03.2021	Hindustan Unilever Limited - Finance Executive
D. K. Das	51	Accounts Supervisor	8,08,034/-	7,05,548/-	B.Com.	28	01.04.2015	Russell Investments Limited - Junior Assistant
J. V. Rao	46	Accounts Supervisor	7,56,794/-	6,52,611/-	B.Com.	18	01.04.2015	Divya Management Limited - Junior Assistant
A. Bose	33	Account Assistant	6,30,436/-	5,27,755/-	B.Com (Hons.)	10	01.04.2015	Russell Investments Limited - Junior Assistant
A. Pandey	27	Junior Assistant - Accounts	3,02,656/-	2,45,054/-	M. Com., Diploma in Accounts & Finance	4	24.02.2022	Manor Floatel Limited – Accounts Executive
A. Kumar #	41	Accounts Supervisor	98,941/-	82,356/-	B.A. (Hons.), M.B.A. (Finance)	17	01.08.2015	Centre for Monitoring Indian Economy Private Limited - Information Analyst

** On deputation from ITC Limited, the Holding Company ('ITC').*

 # Passed away on 16th May, 2022.

Notes:

a. Gross remuneration includes salary, performance bonus / variable pay, long-term incentives, allowances, contribution to provident fund and other benefits / applicable perquisites borne by the Company, except provisions for gratuity fund and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less tax deducted at source and employee's own contribution to provident fund.

c. Employees who are on deputation have been granted Stock Options by ITC under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. Since these Stock Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options and accordingly, the said grant has not been considered as remuneration.

d. All appointments (except deputed employees) are / were contractual in accordance with terms and conditions as per the Company's rules.

e. The aforesaid employees are / were neither relative of any Director / Manager of the Company nor hold any equity share in the Company in their individual capacity.

On behalf of the Board

S. DUTTA *Chairman*

T.S.M. SHENOY *Director*

Dated: 25th April, 2023

Annexure 3 to the Report of the Board of Directors & Management Discussion and Analysis

ANNUAL REPORT ON CSR ACTIVITIES OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. **A brief outline on CSR Policy of the Company:**

   The Company, a wholly owned subsidiary of ITC Limited ('ITC'), discharges its corporate social responsibilities ('CSR') by aligning itself with the CSR Policy of ITC, and by undertaking CSR activities in areas or subjects which are independent of the normal conduct of the Company's business and are covered under the activities listed in Schedule VII read with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

   The Company undertakes CSR activities (a) directly, or (b) through a registered public trust or a registered society or a company incorporated under Section 8 of the Companies Act, 2013, established by ITC or otherwise, having track record of at least three years in undertaking CSR activities, or (c) through other eligible implementing agencies.

   The Company may also collaborate with ITC or other companies for undertaking CSR activities in such a manner that the respective companies are in a position to report separately on the CSR activities being undertaken.

2. **Composition of the CSR Committee as on 31st March, 2023:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. S. Dutta * (Chairman of the Committee)	Chairman & Non-Executive Director	2	1
2.	Mr. T.S.M. Shenoy	Non-Executive Director		2
3.	Mr. R. K. Singhi	Non-Executive Director		2

** Appointed as Member and Chairman of the Committee w.e.f. 22.07.2022.*

3. The web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: **Not Applicable**

4. The executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: **Not Applicable**

5.

(a)	Average net profits of the Company as per Section 135(5)	**₹ 3,993.59 lakhs**
(b)	Two percent of average net profits of the Company as per Section 135(5)	**₹ 79.87 lakhs**
(c)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years	**Nil**
(d)	Amount required to be set off for the Financial Year, if any	**Nil**
(e)	Total CSR obligation for the Financial Year [(b)+(c)-(d)]	**₹ 79.87 lakhs**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ **80 lakhs**

   (b) Amount spent in Administrative Overheads: **Nil**

   (c) Amount spent on Impact Assessment, if applicable: **Not Applicable**

   (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ **80 lakhs**

   (e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 80.00 lakhs	Not Applicable				

   (f) Excess amount for set off, if any: **Not Applicable**

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profits of the Company as per Section 135(5)	Not Applicable
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	

7. Details of Unspent CSR amount for the preceding three Financial Years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Balance Amount in Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to a fund as specified under Schedule VII as per second proviso to Section 135(5), if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
Not Applicable								

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

   ○ Yes ● No

   If Yes, enter the number of Capital assets created / acquired: Not Applicable

   Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity / Authority / beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): **Not Applicable.**

On behalf of the Board

S. DUTTA — *Chairman – CSR Committee*

Dated: 25th April, 2023

T.S.M. SHENOY — *Director*

Annexure 4 to the Report of the Board of Directors &
Management Discussion and Analysis for the financial year ended 31st March, 2023

Policy on dealing with Related Party Transactions

1. The Company shall not enter into any contract or arrangement with its related party (other than the Holding Company or the Company's wholly owned subsidiary) without the approval of the Audit Committee.

   Further, the Company shall not enter into any contract or arrangement with its related party, or that of the Holding Company, or any of the Company's subsidiary or fellow subsidiary companies (other than transactions with the Holding Company, Company's wholly owned subsidiary or with any wholly owned fellow subsidiary), exceeding the threshold prescribed under the applicable laws / regulations, without the prior approval of its Audit Committee and the Holding Company's Audit Committee; this requirement shall not apply to such transactions as may be specified under the applicable laws / regulations.

2. The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for related party transactions that are repetitive in nature, provided that the aggregate value of transactions which can be approved by the Committee in a financial year under the omnibus route shall not exceed 5% of the revenue of operations of the Company as per its last audited financial statements, with the value of each such transaction not exceeding 1% of the revenue of operations.

3. While assessing a proposal for approval under the omnibus route, the Audit Committee shall satisfy itself on the need for such approval and that the same is in the interest of the Company. For this purpose, the following shall be placed before the Audit Committee while seeking omnibus approval:

   (a) Name and nature of relationship of the related party with the Company, including type of its concern or interest (financial or otherwise);

   (b) Nature, duration and material terms of the proposed transaction;

   (c) Maximum amount that can be transacted;

   (d) Indicative base price / current contracted price and the formula for variation of the price, if any; For this purpose, (i) price will mean the estimated money consideration under a contract for sale or purchase of goods or services, net of applicable taxes, and (ii) the formula for variation of the price to be based on one of the globally accepted methods of establishing arm's length pricing such as Comparable Uncontrolled Price, Cost Plus, Transactional Net Margin and Profit Split method.

   (e) The percentage of the Company's standalone turnover for the immediately preceding financial year, that is represented by the value of the proposed transaction;

   (f) A copy of the valuation or other external party report, if any such report has been relied upon;

   (g) Any other information relevant or considered important by the Audit Committee for taking a decision on the proposed transaction.

4. The details of the related party transactions of the Company pursuant to each omnibus approval shall be placed for review by the Audit Committee (and the Audit Committee of the Holding Company, where applicable) at least on a quarterly basis; such omnibus approval shall be valid for the financial year.

5. Where the need for related party transactions cannot be foreseen and the details mentioned in (3) above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 50 lakhs per transaction.

6. Transactions of the following nature shall be outside the purview of the omnibus approval mechanism:

   (a) Transactions which are not in the ordinary course of business or not at arm's length;

   (b) Transactions which are not repetitive or unforeseen in nature;

   (c) Transactions exceeding the threshold limits specified in (2) and (5) above;

   (d) Inter-corporate loans given / taken to / from related parties and purchase / sale of investments from / to related parties;

   (e) Transactions in respect of sale or disposal of any undertaking;

   (f) Any other transaction which the Audit Committee may deem not fit for omnibus approval.

7. As the term 'transaction' has not been defined in the Companies Act, 2013 and the Rules framed thereunder, it will mean a single transaction or a group of transactions under a single contract or arrangement in line with the definition prescribed for listed companies under the SEBI Regulations.
8. In the event any contract or arrangement with a related party is not in the ordinary course of business or not at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and / or shareholders, as applicable, for such contract or arrangement.
9. (a) All subsequent modifications to the transactions entered into by the Company with its related party, shall require approval of the Company's Audit Committee.

   (b) All 'material modifications' to the related party transactions entered into by the Company on one hand and related party of the Holding Company, or the Company's subsidiary or fellow subsidiary companies on the other hand, shall require approval of the Company's Audit Committee.

   (c) Where any related party transaction entered into by the Company has been approved by the Audit Committee of the Holding Company, any 'material modification' of such transactions shall also require approval of the Audit Committee of the Holding Company.

   Material modification(s), for this purpose, are those modifications that result in an increase of more than ten percent of the amount approved by the Audit Committee.
10. With effect from 1st April, 2023, the approval requirements mentioned hereinabove shall also apply to those transactions undertaken by the Company on the one hand and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or related party of the Holding Company, or the Company's subsidiary or fellow subsidiary companies.
11. The requisite details of (a) material related party transactions and (b) related party transactions which are not at arm's length, shall be disclosed in the Annual Report in terms of the Companies Act, 2013 & the Rules framed thereunder and the RBI Regulations.

    For this purpose, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the revenue of operations of the Company as per its last audited financial statements.

    In the event of any inconsistency between this Policy and the applicable laws, the applicable laws will prevail.

Annexure 5 to the Report of the Board of Directors &
Management Discussion and Analysis for the financial year ended 31st March, 2023

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC IndiVision Limited (IIVL), fellow subsidiary
b)	Nature of contracts / arrangements / transactions	Unsecured inter-corporate loan of ₹ 4,500 lakhs to IIVL
c)	Duration of the contracts / arrangements / transactions	21st February, 2023 to 20th February, 2025
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	• Interest payable on quarterly basis @ 8.00% per annum • Loan disbursed during the year and outstanding as on 31st March, 2023: ₹ 1,250 lakhs
e)	Date(s) of approval by the Board, if any	The Board of Directors of the Company at the meeting held on 17th January, 2023 delegated the power to two Directors to grant inter-corporate loans to fellow Indian subsidiaries.
f)	Amount paid as advances, if any	Nil

On behalf of the Board

S. DUTTA *Chairman*

Dated: 25th April, 2023 T.S.M. SHENOY *Director*

Annexure 6 to the Report of the Board of Directors & Management Discussion and Analysis

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
RUSSELL CREDIT LIMITED
CIN: U65993WB1994PLC061684
Virginia House
37, J. L. Nehru Road
Kolkata - 700 071

1. We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Russell Credit Limited** (hereinafter called the 'Company') for the financial year ended 31st March, 2023. Secretarial Audit was conducted in accordance with the Guidance Note issued by the Institute of Company Secretaries of India (A statutory body constituted under the Company Secretaries Act, 1980) read with the Company Secretaries Auditing Standards (CSAS) and in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

2. On the basis of verification of the secretarial compliance and on the basis of secretarial audit of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, as shown to us during the said audit and also based on the information provided by the Company, its officers, agents and authorised representatives during the conduct of our audit, we hereby report that in our opinion and to the best of our understanding, the Company has, during the audit period covering the financial year ended on 31st March, 2023, complied with the statutory provisions listed hereunder and also that the Company has adequate Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

3. a. We have examined the secretarial compliance based on the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 and as shown to us during our audit, according to the provisions of the following laws:

   (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

   (ii) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 viz:

      a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.

   b. We have also examined the secretarial compliance based on the books, papers, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of the following laws specifically applicable to the Company and as shown to us during our audit:

   (i) Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and other Directions issued by RBI as applicable to Systematically Important Non-Deposit taking NBFCs, including 'Scale Based Regulation: Revised Regulatory Framework for NBFCs'.

   (ii) Information Technology Framework for the NBFC Sector.

   (iii) Reserve Bank of India and Securities and Exchange Board of India Guidelines relating to Mutual Fund Advisor.

   - The Company is registered with the Reserve Bank of India as a NBFC under the relevant provisions of the Reserve Bank of India Act, 1934 under Registration Certificate No. B.05.05246.
   - The Company is registered with the Association of Mutual Funds in India (AMFI) as an Intermediary of Mutual Funds and the Registration Certificate is valid upto 21st October, 2024.

4. We have also examined compliance with the applicable clauses of the following:

   (a) Secretarial Standards issued by the Institute of Company Secretaries of India under Section 118 of the Companies Act, 2013.

5. On the basis of the audit as referred above and to the best of our knowledge, understanding and belief, we are of the view that during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above in paragraphs 3(a), 3(b) and paragraph 4 of this Report.

6. We further report that:

   (a) The Board of Directors of the Company is duly constituted in compliance with the applicable provisions of law.

   (b) Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were generally sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

   (c) The total amount required to be spent by the Company on CSR was Rs. 79.87 Lakhs and the amount actually spent during the year under report was Rs. 80 Lakhs which was disbursed to ITC Rural Development Trust, an implementation agency, towards implementation of a project on rural development, as approved by the Board, on the recommendation of the CSR Committee.

7. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable Laws, Rules, Regulations and Guidelines.

8. This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this Report.

Place: Kolkata
Date: 25.04.2023
Enclo.: Annexure A

(S. M. Gupta)
Proprietor
S. M. GUPTA & CO.
Company Secretaries
Firm Registration No.: S1993WB816800
Membership No: FCS – 896
CP No.: 2053
Peer Review No: 2464/2022
UDIN:F000896E000187863

'ANNEXURE A'

(To the Secretarial Audit Report of Russell Credit Limited for the Financial Year ended 31/03/2023)

The Members,
RUSSELL CREDIT LIMITED
Virginia House
37, J. L. Nehru Road
Kolkata - 700 071

Our Secretarial Audit Report for the Financial Year ended 31/03/2023 of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on such secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance with the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our examination was limited to the verification of procedures on test check basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Kolkata
Date: 25.04.2023

(S. M. Gupta)
Proprietor
S. M. GUPTA & CO.
Company Secretaries
Firm Registration No.: S1993WB816800
Membership No: FCS – 896
CP No.: 2053
Peer Review No: 2464/2022
UDIN: F000896E000187863

REPORT ON CORPORATE GOVERNANCE
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

The Directors present the Company's Report on Corporate Governance pursuant to the Scale Based Regulatory Framework for NBFCs prescribed by the Reserve Bank of India ('RBI').

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a systemic process by which a company is directed and controlled to enhance its wealth generating capacity. The Company being a wholly owned subsidiary of ITC Limited draws its Governance philosophy from that company.

GOVERNANCE STRUCTURE

The Governance structure of the Company presently comprises the Board of Directors, the Board Committees, and the Non-Executive Chairman, aided by the Manager & Company Secretary, Chief Financial Officer and the Internal Auditor who are responsible for management of the affairs of the Company, operating under the superintendence, control and direction of the Board of Directors.

COMPOSITION OF THE BOARD (AS ON 31ST MARCH, 2023)

The Board of Directors of the Company ('the Board') presently comprises six Non-Executive Directors. The names of the Directors, including number of their other directorships, and the details of Board Meetings held during the year are provided below.

During the year ended 31st March, 2023, six meetings of the Board were held on 29th April, 2022, 16th July, 2022, 28th September, 2022, 12th October, 2022, 7th December, 2022, and 17th January, 2023.

Sl. No.	Name of the Director	Director since	Designation	Number of Board Meetings		No. of other Directorships*
				Held	Attended	
1.	Supratim Dutta # (DIN: 01804345)	29.03.2013	Chairman & Non-Executive Director	6	6	9
2.	Priti Balaji (DIN: 08900013)	22.10.2020	Non-Executive Director	6	5	1
3.	Trasi Sadashiva Madhava Shenoy (DIN: 09476476)	22.01.2022	Non-Executive Director	6	6	2
4.	Jagdish Singh (DIN: 00042258)	22.07.2022	Additional Non-Executive Director	4	4	5
5.	Rajendra Kumar Singhi (DIN: 00009931)	27.03.2018	Non-Executive Director	6	5	6
6.	Subramani Suresh Kumar (DIN: 09746199)	01.10.2022	Additional Non-Executive Director	3	3	Nil

** Represents directorships in Indian and foreign companies*
 # Appointed as the Chairman of the Board w.e.f. 22.07.2022

Note: None of the Directors hold any share in the Company in their individual capacity.

Details of changes in the composition of the Board during the current and previous financial years:

Sl. No.	Name of Director	Capacity	Nature of change	Effective date
1.	Trasi Sadashiva Madhava Shenoy	Non-Executive Director	Appointment	22.01.2022
2.	Saradindu Dutta	Non-Executive Director	Resignation	19.02.2022
3.	Rajiv Tandon	Chairman & Non-Executive Director	Resignation	22.07.2022
4.	Jagdish Singh	Non-Executive Director	Appointment	22.07.2022
5.	Subramani Suresh Kumar	Non-Executive Director	Appointment	01.10.2022

COMMITTEES OF THE BOARD

Currently, there are five Board Committees in the Company – the Audit Committee, the Nomination and Remuneration Committee, the CSR Committee, the Asset Liability Management Committee and the Risk Management Committee. The terms of reference of the Board Committees are determined by the Board from time to time. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

I. AUDIT COMMITTEE:

The role of the Audit Committee includes the following:

(a) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
(b) To recommend the appointment, remuneration and removal of the Statutory Auditors;
(c) To approve transactions of the Company with related parties, including modifications thereto;
(d) To evaluate the Company's internal financial controls and risk management systems;
(e) To scrutinise inter-corporate loans and investments;
(f) To review with the management the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval;
(g) To review the following:
    (i) 'Fit for Consolidation' Financial Results / Financial Statements of the Company;
    (ii) Adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board, such review to be done in consultation with the management and Statutory Auditors;
    (iii) Reports of internal audit and discussion with the Internal Auditor on any significant findings and follow-up thereon;
    (iv) System for storage, retrieval, security etc. of books of accounts maintained in the electronic form;
    (v) Functioning of Whistleblower mechanism in the Company.

Composition, Meetings and Attendance

The Audit Committee presently comprises the Chairman of the Company and three Non-Executive Directors. The Chief Financial Officer and the Internal Auditor are invited to attend the meetings of the Audit Committee. The Company Secretary is the Secretary to the Committee.

The names of the members of the Audit Committee, including its Chairman, and the details of meetings held during the year are provided below.

During the year ended 31st March, 2023, five meetings of the Audit Committee were held on 29th April, 2022, 16th July, 2022, 28th September, 2022, 12th October, 2022, and 17th January, 2023.

Sl. No.	Name of the Director	Member of the Committee since	Designation	Number of Meetings of the Committee	
				Held	Attended
1.	S. Dutta (Chairman of the Committee)	22.07.2022	Chairman & Non-Executive Director	3	3
2.	T.S.M. Shenoy	22.01.2022	Non-Executive Director	5	5
3.	R. K. Singhi	27.08.2020	Non-Executive Director	5	4
4.	S. Suresh Kumar	12.10.2022	Non-Executive Director	1	1
5.	R. Tandon [1]	03.01.2011	Chairman & Non-Executive Director	2	2

1. *Ceased to be Member and Chairman of the Committee w.e.f. 22.07.2022*

II. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board, inter alia, identifies persons qualified to become Directors, and recommends to the Board the appointment and removal of the Directors and Key Managerial Personnel of the Company. The Committee's role also includes formulation of criteria for evaluation of performance of the Directors & the Board as a whole, and review of the 'fit and proper status' of the Directors of the Company.

Composition, Meetings and Attendance

The Nomination and Remuneration Committee presently comprises two Non-Executive Directors and the Chairman of the Company. The Company Secretary is the Secretary to the Committee.

The names of the members of the Nomination and Remuneration Committee, including its Chairman, and the details of meetings held during the year are provided below.

During the year ended 31st March, 2023, four meetings of the Nomination and Remuneration Committee were held on 29th April, 2022, 16th July, 2022, 28th September, 2022, and 17th January, 2023.

Sl. No.	Name of the Director	Member of the Committee since	Designation	Number of Meetings of the Committee	
				Held	Attended
1.	R. K. Singhi (Chairman of the Committee)	27.03.2018	Non-Executive Director	4	3
2.	S. Dutta	27.03.2018	Chairman & Non-Executive Director	4	4
3.	J. Singh	22.07.2022	Non-Executive Director	2	2
4.	R. Tandon [1]	16.03.2015	Chairman & Non-Executive Director	2	2

1. *Ceased to be Member of the Committee w.e.f. 22.07.2022*

III. CSR COMMITTEE

The role of the CSR Committee is, inter alia, to review and provide strategic direction to the Company's CSR activities, in line with the CSR initiatives of ITC Limited. Formulation and monitoring of the CSR Policy and recommendation to the Board of the annual CSR Action Plan delineating the CSR activities to be carried out by the Company during a financial year form part of the role of the Committee.

Composition, Meetings and Attendance

The CSR Committee presently comprises the Chairman of the Company and two Non-Executive Directors. The Company Secretary is the Secretary to the Committee.

The names of the members of the CSR Committee, including its Chairman, and the details of meetings held during the year are provided below.

During the year ended 31st March, 2023, two meetings of the CSR Committee were held on 29th April, 2022 and 12th October, 2022.

Sl. No.	Name of the Director	Member of the Committee since	Designation	Number of Meetings of the Committee	
				Held	Attended
1.	S. Dutta (Chairman of the Committee)	22.07.2022	Chairman & Non-Executive Director	1	1
2.	T.S.M. Shenoy	22.01.2022	Non-Executive Director	2	2
3.	R. K. Singhi	27.03.2018	Non-Executive Director	2	2
4.	R. Tandon [1]	08.05.2014	Chairman & Non-Executive Director	1	1

1. *Ceased to be Member and Chairman of the Committee w.e.f. 22.07.2022*

IV. ASSET LIABILITY MANAGEMENT('ALM') COMMITTEE

The role of the ALM Committee is, inter alia, to address concerns relating to asset liability mismatches, if any, and strategise action(s) to mitigate the associated risks. The Committee also reviews the ALM Returns filed by the Company with the RBI, and adherence to the policies & procedures adopted by the Company for managing liquidity risk.

Composition, Meetings and Attendance

The ALM Committee presently comprises three Non-Executive Directors. The Company Secretary is the Secretary to the Committee.

The names of the members of the ALM Committee, including its Chairman, and the details of meetings held during the year are provided below.

During the year ended 31st March, 2023, two meetings of the ALM Committee were held on 27th April, 2022 and 17th October, 2022.

Sl. No.	Name of the Director	Member of the Committee since	Designation	Number of Meetings of the Committee	
				Held	Attended
1.	J. Singh [1] (Chairman of the Committee)	22.07.2022	Non-Executive Director	1	1
2.	T.S.M. Shenoy	22.01.2022	Non-Executive Director	2	2
3.	S. Suresh Kumar	12.10.2022	Non-Executive Director	1	1
4.	S. Dutta [2]	27.03.2018	Chairman & Non-Executive Director	1	1
5.	R. Tandon [3]	03.01.2011	Chairman & Non-Executive Director	1	1

1. *Appointed as the Chairman of the Committee w.e.f. 12.10.2022*
2. *Ceased to be Member and Chairman of the Committee w.e.f. 12.10.2022*
3. *Ceased to be Member and Chairman of the Committee w.e.f. 22.07.2022*

V. RISK MANAGEMENT COMMITTEE

The role of the Risk Management Committee is, inter alia, to manage the integrated risk of the Company, including liquidity risk and capital adequacy, and to recommend for the approval of the Board, the Risk Management Policy of the Company. The Committee also reviews the risk management framework of the Company so as to effectively address the existing and emerging challenges in a dynamic business environment.

Composition, Meetings and Attendance

The Risk Management Committee presently comprises the Chairman of the Company and two Non-Executive Directors. The Company Secretary is the Secretary to the Committee.

The names of the members of the Risk Management Committee, including its Chairman, and the details of meetings held during the year are provided below.

During the year ended 31st March, 2023, two meetings of the Risk Management Committee were held on 27th April, 2022 and 17th October, 2022.

Sl. No.	Name of the Director	Member of the Committee since	Designation	Number of Meetings of the Committee	
				Held	Attended
1.	S. Dutta (Chairman of the Committee)	22.07.2022	Chairman & Non-Executive Director	1	1
2.	P. Balaji	22.10.2020	Non-Executive Director	2	2
3.	T.S.M. Shenoy	22.01.2022	Non-Executive Director	2	2
4.	R. Tandon [1]	29.03.2013	Chairman & Non-Executive Director	1	1

1. *Ceased to be Member and Chairman of the Committee w.e.f. 22.07.2022*

PARTICULARS OF PAST THREE GENERAL MEETINGS

Sl. No.	Type of Meeting	Date	Venue	Special Resolution passed
1.	28th Annual General Meeting (FY 2021-22)	20.06.2022	Registered Office Virginia House 37 J. L. Nehru Road Kolkata 700 071	–
2.	Extraordinary General Meeting	13.12.2021		–
3.	27th Annual General Meeting (FY 2020-21)	08.07.2021		–

OTHER DISCLOSURES

- The Company is in compliance with all the applicable requirements of the Companies Act, 2013, including requirements prescribed under the Accounting Standards and the Secretarial Standards.
- No penalty / stricture has been imposed on the Company by the RBI or any other Statutory Authority.
- None of the Directors receive any remuneration from the Company.
- There are no inter-se relationships between the Directors of the Company.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RUSSELL CREDIT LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Russell Credit Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SA"s) specified under Section 143(10) of the Act. 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 'Code of Ethics' issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also 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 SAs 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 SAs, we exercise professional judgment and maintain professional skepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
   g) With respect to the other matters to be included in the Auditor's Report

in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 22(ii) to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including a foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including a foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014, as amended, as provided under (a) and (b) above, contain any material misstatement.

v. The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act, as applicable.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

3. No remuneration was paid by the Company to its directors during the year and accordingly the provisions of Section 197(16) of the Act are not applicable.

For Maheshwari & Associates
Chartered Accountants
Firm Registration No. 311008E

Bijay Murmuria
Partner
Membership No. 055788
UDIN: 23055788BGYJQI4121

Kolkata, 25th April, 2023

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Independent Auditor's Report of even date, to the Members of Russell Credit Limited on the financial statements for the year ended March 31, 2023]

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company does not have intangible assets. Hence, reporting under clause 3(i)(a)(B) of the Order is not applicable.

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements and included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment during the year and it does not have any Right of Use assets and intangible assets. Hence, reporting under clause 3(i)(d) of the Order is not applicable.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) The Company's business does not involve inventories and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

iii. (a) The Company is registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(iii)(a) of the Order is not applicable.

(b) In our opinion, the investments made and the terms and conditions of the grant of loan, during the year, prima facie, are not prejudicial to the Company's interest. The Company has not provided guarantees or given security and has not granted advances in the nature of loans during the year to companies, firms, Limited Liability Partnerships or any other parties and hence not commented upon.

(c) In respect of loan granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated. As at the balance sheet date, principal and interest have not fallen due for repayment and payment respectively and hence not commented upon.

(d) In respect of loan granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(e) The Company is registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(iii)(e) of the Order is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) of the Order is not applicable.

iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted and investments made and guarantees and securities provided, as applicable.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause 3(vi) of the Order is not applicable.

vii. (a) In our opinion, the Company has been regular in depositing with the appropriate authorities undisputed statutory dues including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other statutory dues, as applicable to it.

No undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other statutory dues were in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited with the appropriate authorities as on March 31, 2023, on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Forum where Dispute is Pending	Period to which the Amount Relates (Financial Year)	Amount (₹ in lakhs)
Uttar Pradesh Value Added Tax, erstwhile namely "UP Trade Tax Act, 1948"	Lease Tax	Joint Commissioner (A), Trade Tax, Kanpur	1996-97 to 1999-2000	37.01
Tamil Nadu General Sales Tax Act & Central Sales Tax Act	Sales Tax	Commercial Tax Officer	2004-05	11.55
Tamil Nadu General Sales Tax Act & Central Sales Tax Act	Sales Tax	Commercial Tax Officer	2005-06	14.55
The Central Sales Tax Act	Sales Tax	Directorate of Commercial Taxes	2005-06	10.53

Out of the total disputed dues aggregating ₹ 73.64 lakhs as above, ₹ 63.11 lakhs has been stayed for recovery by the relevant authorities.

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix. (a) The Company has not taken any loans and it has no other borrowings from any lender. Hence, reporting under clause 3(ix)(a) of the Order is not applicable.

(b) The Company has not been declared a wilful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) The Company has not raised any funds on short term basis and hence reporting under clause 3(ix)(d) of the Order is not applicable.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates.

(f) The Company has not raised any loans during the year and hence reporting under clause 3(ix)(f) of the Order is not applicable.

x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) and hence reporting under clause 3(x)(b) of the Order is not applicable.

xi. (a) No fraud by the Company and no fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) There were no whistle-blower complaints received by the Company during the year. Hence, reporting under clause 3(xi)(c) of the Order is not applicable.

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. In our opinion, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and the details of related party transactions have been disclosed in notes to the financial statements, as required by the applicable accounting standards.

xiv. (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports for the year under audit in determining the nature, timing and extent of our audit procedures.

xv. In our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. (a) The Company is registered, as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Further, the Company has not conducted any Housing Finance activities during the year.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) As represented by the management, there is no CIC within the Group [as defined in the Core Investment Companies (Reserve Bank) Directions, 2016].

xvii. The Company has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans, nothing has come to our attention which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get duly discharged by the Company as and when they fall due.

xx. (a) There is no unspent amount towards Corporate Social Responsibility ('CSR') in respect of 'other than ongoing projects', requiring a transfer to a Fund specified in Schedule VII to the Companies Act, 2013 in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.

(b) There is no unspent amount towards CSR in respect of 'ongoing project', requiring a transfer to a special account in compliance with the provisions of sub-section (6) of Section 135 of the Companies Act, 2013. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable.

For Maheshwari & Associates
Chartered Accountants
Firm Registration No. 311008E

Bijay Murmuria
Partner
Membership No. 055788

Kolkata, 25th April, 2023
UDIN: 23055788BGYJQI4121

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our Independent Auditor's Report of even date, to the Members of Russell Credit Limited on the financial statements for the year ended March 31, 2023]

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to financial statements of Russell Credit Limited (the "Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Maheshwari & Associates
Chartered Accountants
Firm Registration No. 311008E
Bijay Murmuria
Partner
Membership No. 055788

Kolkata, 25th April, 2023
UDIN: 23055788BGYJQI4121

BALANCE SHEET AS AT 31ST MARCH, 2023

	Note		As at 31st March, 2023 (₹ in lakhs)		As at 31st March, 2022 (₹ in lakhs)
ASSETS					
1. Financial Assets					
a) Cash and cash equivalents	3	27.53		19.44	
b) Bank Balance other than (a) above	4	5,005.78		5.78	
c) Receivables	5				
(I) Trade Receivables		–		16.50	
(II) Other Receivables		810.22		1,332.99	
d) Loans	6	1,250.00		–	
e) Investments	7	96,174.97		96,725.03	
f) Other financial assets	8	19.42	1,03,287.92	0.06	98,099.80
2. Non-financial Assets					
a) Current tax assets (Net)	9A	–		100.77	
b) Property, Plant and Equipment	10	92.96		94.86	
c) Other non-financial assets	11	2.25	95.21	2.24	197.87
TOTAL ASSETS			**1,03,383.13**		**98,297.67**
LIABILITIES AND EQUITY					
LIABILITIES					
1. Financial Liabilities					
a) Other financial liabilities	12		78.74		65.63
2. Non-Financial Liabilities					
a) Current tax liabilities (Net)	9B	173.89		–	
b) Provisions	13	83.67		158.51	
c) Deferred tax liabilities (Net)	14	444.36		467.27	
d) Other non-financial liabilities	15	14.35	716.27	154.00	779.78
EQUITY					
a) Equity Share Capital	16	64,647.88		64,647.88	
b) Other Equity		37,940.24	1,02,588.12	32,804.38	97,452.26
TOTAL LIABILITIES AND EQUITY			**1,03,383.13**		**98,297.67**

The accompanying notes 1 to 23 are an integral part of the Financial Statements.

In terms of our report attached

For Maheshwari & Associates
Chartered Accountants
Firm Registration Number: 311008E

On behalf of the Board

Bijay Murmuria
Partner
Membership No. 055788
Kolkata, 25th April, 2023

S. DUTTA *Chairman*
T. S. M. SHENOY *Director*
A. MARODIA *Chief Financial Officer*
N. BAJAJ *Manager & Company Secretary*

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

		Note	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
	Revenue from operations			
	(i) Interest Income	17 (A)	2,732.38	2,621.33
	(ii) Dividend Income		21.38	–
	(iii) Rental Income		60.84	60.84
	(iv) Fees and commission Income		851.07	1,134.04
	(v) Net gain on fair value changes	17 (B)	790.59	182.11
I	**Total Revenue from operations**		**4,456.26**	**3,998.32**
II	Other Income	17 (C)	404.93	157.60
III	**Total Income (I+II)**		**4,861.19**	**4,155.92**
	Expenses			
	(i) Finance Costs	18	–	2.10
	(ii) Employee Benefits Expenses	19	357.47	309.33
	(iii) Depreciation and amortization expenses		1.90	1.90
	(iv) Other expenses	20	134.12	156.54
IV	Total Expenses (IV)		**493.49**	**469.87**
V	Profit before tax (III -IV)		**4,367.70**	**3,686.05**
VI	**Tax Expense:**			
	Current Tax	21	567.00	540.00
	Deferred Tax	21	(29.10)	(200.33)
VII	Profit for the year(V-VI)		**3,829.80**	**3,346.38**
VIII	**Other Comprehensive Income**			
	A. (i) Items that will not be reclassified to profit or loss:			
	- Remeasurements of defined benefit plans	22(iv)	(0.76)	0.74
	- Equity instruments through other comprehensive income		1,675.53	8,732.36
	(ii) Income tax relating to items that will not be reclassified to profit or loss	21	0.19	(0.19)
	B. (i) Items that will be reclassified to profit or loss:			
	- Debt instruments through other comprehensive income		25.38	–
	(ii) Income tax relating to items that will be reclassified to profit or loss	21	(6.39)	–
	Other Comprehensive Income [(A)+(B)]		**1,693.95**	**8,732.91**
IX	**Total Comprehensive Income for the year (VII+VIII)**		**5,523.75**	**12,079.29**
	Earnings per equity share (Face Value ₹ 10.00 each)	22(i)		
	- Basic and Diluted (in ₹)		0.59	0.52

The accompanying notes 1 to 23 are an integral part of the Financial Statements.

In terms of our report attached

For Maheshwari & Associates
Chartered Accountants
Firm Registration Number: 311008E

On behalf of the Board

Bijay Murmuria
Partner
Membership No. 055788
Kolkata, 25th April, 2023

S. DUTTA *Chairman*
T. S. M. SHENOY *Director*
A. MARODIA *Chief Financial Officer*
N. BAJAJ *Manager & Company Secretary*

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

A. Equity Share Capital (₹ in lakhs)

	Balance at the beginning of the reporting year	Changes in equity Share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2023	64,647.88	–	64,647.88
For the year ended 31st March, 2022	64,647.88	–	64,647.88

B. Other Equity (₹ in lakhs)

FY 2022-23	Reserves and Surplus				Items of other comprehensive income		Total
	Special Reserve under Section 45-IC of the RBI Act, 1934	Capital Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Debt Instruments through Other Comprehensive Income	
Balance as at 1st April, 2022	**16,019.76**	**287.67**	**235.95**	**7,274.84**	**8,986.16**	**–**	**32,804.38**
Profit for the year	–	–	–	3,829.80	–	–	3,829.80
Other Comprehensive Income for the year (net of tax)	–	–	–	(0.57)	1,675.53	18.99	1,693.95
Total Comprehensive Income for the year	**–**	**–**	**–**	**3,829.23**	**1,675.53**	**18.99**	**5,523.75**
Transfer from Retained earnings to Special Reserve	765.96	–	–	(765.96)	–	–	–
Final Dividend Paid (2021-22 : ₹ 0.06 per share)	–	–	–	(387.89)	–	–	(387.89)
Balance as at 31st March, 2023	**16,785.72**	**287.67**	**235.95**	**9,950.22**	**10,661.69**	**18.99**	**37,940.24**

FY 2021-22	Reserves and Surplus				Items of other comprehensive income		Total
	Special Reserve under Section 45-IC of the RBI Act, 1934	Capital Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Debt Instruments through Other Comprehensive Income	
Balance as at 1st April, 2021	**15,350.48**	**287.67**	**235.95**	**5,825.50**	**253.80**	**–**	**21,953.40**
Profit for the year	–	–	–	3,346.38	–	–	3,346.38
Other Comprehensive Income for the year (net of tax)	–	–	–	0.55	8,732.36	–	8,732.91
Total Comprehensive Income for the year	**–**	**–**	**–**	**3,346.93**	**8,732.36**	**–**	**12,079.29**
Transfer from Retained earnings to Special Reserve	669.28	–	–	(669.28)	–	–	–
Interim Dividend Paid (2021-22 : ₹ 0.19 per share)	–	–	–	(1,228.31)	–	–	(1,228.31)
Balance as at 31st March, 2022	**16,019.76**	**287.67**	**235.95**	**7,274.84**	**8,986.16**	**–**	**32,804.38**

The Board of Directors of the Company have recommended Final Dividend of ₹ 0.29 per share for the financial year ended 31st March, 2023 to be paid on paid-up value of Equity Shares amounting to ₹ 1,874.79 lakhs. The Final Dividend is subject to the approval of shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total Equity Dividend for the year ended 31st March, 2023 is ₹ 0.29 per share (total Equity Dividend for the year ended 31st March, 2022 : ₹ 0.25 per share).

Special Reserve under Section 45-IC of the RBI Act, 1934: This Reserve represents profits transferred before declaration of dividend by the Company as per the requirement of the Reserve Bank of India (RBI). The same can be utilised in accordance with the RBI Act, 1934.

Capital Reserve: This Reserve represents the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.

General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

Retained Earnings: This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Debt Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on revaluation of Debt Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to profit or loss when those instruments are disposed of.

Equity Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on the revaluation of Equity Instruments measured at fair value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed of.

The accompanying notes 1 to 23 are an integral part of the Financial Statements.

In terms of our report attached

For Maheshwari & Associates
Chartered Accountants
Firm Registration Number: 311008E

On behalf of the Board

Bijay Murmuria
Partner

S. DUTTA *Chairman*   T. S. M. SHENOY *Director*

Membership No. 055788

A. MARODIA *Chief Financial Officer*   N. BAJAJ *Manager & Company Secretary*

Kolkata, 25th April, 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

		For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		**4,367.70**		3,686.05
ADJUSTMENTS FOR :				
Depreciation and amortization expenses	1.90		1.90	
Finance Costs	–		2.10	
Interest on deposits with Banks	(19.66)		(147.95)	
Interest on Income Tax refund	(5.71)		(9.65)	
Impairment loss allowance	–		9.68	
Net Loss / (Gain) arising on investments mandatorily measured at fair value through profit and loss	(838.96)	(862.43)	(131.31)	(275.23)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**3,505.27**		**3,410.82**
ADJUSTMENTS FOR :				
(Increase)/Decrease in Trade and Other Receivables	539.27		25.64	
(Increase)/Decrease in Investments	3,083.53		(13,342.68)	
(Increase)/Decrease in Other Non-Financial Assets	(0.03)		5.80	
(Increase)/Decrease in Loans and Advances	(1,250.00)		1,220.00	
Increase/(Decrease) in Other Financial Liabilities and Provisions	(202.16)	2,170.61	(29.23)	(12,120.47)
CASH GENERATED FROM / (USED IN) OPERATIONS		**5,675.88**		**(8,709.65)**
Income-tax paid		(280.20)		(489.36)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES		**5,395.68**		**(9,199.01)**
B. Cash Flow from Investing Activities				
Interest on deposits with Banks	0.30		219.20	
Investment in bank deposits (original maturity more than 3 months)	(5,000.00)		–	
Redemption / maturity of bank deposits (original maturity more than 3 months)	–		10,198.71	
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES		**(4,999.70)**		**10,417.91**
C. Cash Flow from Financing Activities				
Dividend paid	(387.89)		(1,228.31)	
NET CASH USED IN FINANCING ACTIVITIES		**(387.89)**		**(1,228.31)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**8.09**		**(9.41)**
OPENING CASH AND CASH EQUIVALENTS		**19.44**		**28.85**
CLOSING CASH AND CASH EQUIVALENTS (Note 3)		**27.53**		**19.44**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".

The accompanying notes 1 to 23 are an integral part of the Financial Statements.

In terms of our report attached

For Maheshwari & Associates
Chartered Accountants
Firm Registration Number: 311008E

On behalf of the Board

Bijay Murmuria
Partner
Membership No. 055788
Kolkata, 25th April, 2023

S. DUTTA *Chairman*
T. S. M. SHENOY *Director*
A. MARODIA *Chief Financial Officer*
N. BAJAJ *Manager & Company Secretary*

NOTES TO THE FINANCIAL STATEMENTS

Company Information

Russell Credit Limited, a wholly owned subsidiary of ITC Limited, is an investment company and is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company. Its activities are primarily confined to making long-term investments in strategic thrust areas for ITC, namely FMCG, Hotels & Tourism, Paper, Paperboards and Packaging, Agri Business and Information Technology.

1. **Significant Accounting Policies**

Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2018.

Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for Share-based payment transactions that are within the scope of Ind AS 102 - Share-based Payment, leasing transactions that are within the scope of Ind AS 116 – Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Operating Cycle

All assets and liabilities have been classified as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Property, Plant and Equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2017 measured as per the Previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. All upgradation/enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortises the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	60 Years
Plant and Equipment	8-15 Years

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet dateand changes, if any, are treated as changes in accounting estimate.

Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceed their recoverable amount.

Recoverable amount is higher of an asset's fair value less cost to dispose and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Investment in Subsidiaries, Associates and Joint Ventures

Investment in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment, if any.

Financial instruments, Financial assets, Financial liabilities and Equity instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include Investments, Trade Receivables, Loans, Security Deposits, Cash and Cash equivalents. Such assets are initially recognised at fair value or transaction price, as applicable, when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade Receivables, Loans, Security Deposits, Cash and Cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset(or a group of financial assets) such as investments,trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Appropriate loss provision is created / maintained in terms of the requirements of applicable accounting standards and prudential norms of RBI, along with additional provisions, if any, required for specific loss in accordance with management estimates.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cashflows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss.

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Amortised cost portfolio can be sold / redeemed in accordance with the business model for making such investments with the approval of the Chief Financial Officer or the delegated authority as may be determined by the Board in accordance with the Company's policies.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method in case of Financial Assets at Amortised Cost. Interest income in case of Financial Assets at Fair Value through Profit and Loss (FVTPL) are recognized on period basis. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established except in case of dividend from Mutual Funds, which are recognized on cash basis.

Financial Liabilities

Borrowings and other financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

Revenue

Revenue is measured at the transaction price that the Company receives or expects to receive as consideration for services rendered, net of allowances to customers, if any. Revenue from sale of services is recognized when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of services is in the period in which such services are rendered.

Dividend Distribution

Dividend paid (including income tax thereon) is recognised in the period in which the interim dividend are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Employee Benefits

The Company makes contributions to defined contribution schemes which are mainly administered through duly constituted and approved trusts. Provident Fund contributions are in the nature of defined contribution scheme. Provident Funds are deposited with the Government and recognised as expense. The Company also makes contribution to a Gratuity Fund maintained with approved trust. The employees of the Company are entitled to compensated leave and gratuity for which the Company records the liability based on actuarial valuation.

The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur .

Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees deputed to the Company is recognised at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost recognised as an employee benefits expense in the Statement of Profit and Loss with a corresponding credit in equity, net of reimbursements, if any. In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognised as an employee benefits expense in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities are also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease

Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

2. Use of estimates and judgement

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. **Useful lives of Property, Plant and Equipment:**

   As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

2. **Fair value measurements and valuation processes:**

   Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the notes to the financial statements.

3. **Actuarial Valuation:**

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

4. **Claims, Provisions and Contingent Liabilities:**

The Company has ongoing litigations with various third parties / regulatory authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
3. Cash and cash equivalents@		
Cash on hand	0.05	0.05
Balances with banks		
Current accounts	27.48	19.39
TOTAL	**27.53**	**19.44**

@ Cash and cash equivalents include cash on hand, cheques on hand, cash at bank and deposits with bank with original maturity of 3 months or less, etc. as applicable.

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
4. Bank Balance other than Cash and cash equivalents		
Other bank balances		
In Deposit accounts		
With original maturity of more than 3 months and remaining maturity of less than 12 months from the balance sheet date *	5.78	5.78
With remaining maturity of more than 12 months from the balance sheet date	5,000.00	–
Total	**5,005.78**	5.78

*Includes earmarked balances of ₹ 5.78 lakhs.

		As at 31st March, 2023 (₹ In lakhs)		As at 31st March, 2022 (₹ in lakhs)
5. Receivables				
I. Trade Receivables				
Unsecured, considered good		–		16.50
Credit impaired	9.68		9.68	
Less: Impairment loss allowance	(9.68)	–	(9.68)	–
Sub-Total (A)		–		**16.50**
II. Other Receivables (Unsecured, considered good)				
Income accrued but not due				
Interest Income#		790.22		1,300.99
Fees and commissions income		20.00		32.00
Sub-Total (B)		**810.22**		**1,332.99**
TOTAL (A+B)		**810.22**		**1,349.49**

Includes an amount of ₹ 290.75 lakhs (2022: ₹ 807.41 lakhs) on instruments which are measured at fair value through profit or loss.

Trade Receivables ageing schedule (₹ in lakhs)

2022-23	Not due	Outstanding for following periods from due date / transaction date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	–	–	–	–	–	–	–
Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed Trade Receivables – credit impaired	–	–	–	–	–	9.68	9.68
Disputed Trade Receivables – considered good	–	–	–	–	–	–	–
Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade Receivables – credit impaired	–	–	–	–	–	–	–
Sub-Total	–	–	–	–	–	**9.68**	**9.68**
Less: Impairment loss allowance	–	–	–	–	–	(9.68)	(9.68)
Total	–	–	–	–	–	–	–

(₹ in lakhs)

2021-22	Not due	Outstanding for following periods from due date / transaction date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	16.50	–	–	–	–	–	16.50
Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed Trade Receivables – credit impaired	–	–	–	–	–	9.68	9.68
Disputed Trade Receivables – considered good	–	–	–	–	–	–	–
Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade Receivables – credit impaired	–	–	–	–	–	–	–
Sub-Total	**16.50**	–	–	–	–	**9.68**	**26.18**
Less: Impairment loss allowance	–	–	–	–	–	(9.68)	(9.68)
Total	**16.50**	–	–	–	–	–	**16.50**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
	Amortised cost	Amortised cost
6. Loans		
Unsecured		
Non-Current:		
(a) Term Loan to Related Party	1,250.00	–
Total-Gross	**1,250.00**	–
Less: Impairment loss allowance	–	–
Total-Net	**1,250.00**	–
(I) Loans in India		
(I) Public Sector	–	–
(ii) Others (Term Loan to related party)	1,250.00	–
Total - Gross	**1,250.00**	–
Less: Impairment loss allowance	–	–
Total - Net	**1,250.00**	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	As at 31st March, 2023						As at 31st March, 2022					
	Amortised cost	At Fair Value			Others *	Total	Amortised cost	At Fair Value			Others *	Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total				Through Other Comprehensive Income	Through profit or loss	Sub-Total		
	(1)	(2)	(3)	(4)=(2)+(3)	(5)	(6)=(1)+(4)+(5)	(7)	(8)	(9)	(10)=(8)+(9)	(11)	(12)=(7)+(10)+(11)
7. Investments												
Current Investments												
Mutual funds - Unquoted												
Axis Liquid Fund 30,727 (2022 - 4,114) units of ₹ 1000.00 each	–	–	763.32	763.32	–	763.32	–	–	96.67	96.67	–	96.67
Aditya Birla Sun Life Liquid Fund Nil (2022 - 6,001) units of ₹ 100.00 each	–	–	–	–	–	–	–	–	20.43	20.43	–	20.43
Aditya Birla Sun Life Savings Fund 15,43,944 units of ₹ 100.00 each	–	–	7,260.54	7,260.54	–	7,260.54	–	–	6,875.37	6,875.37	–	6,875.37
DSP Liquidity Fund 81,780 (2022 - 5,773) units of ₹ 1000.00 each	–	–	2,606.94	2,606.94	–	2,606.94	–	–	174.22	174.22	–	174.22
ICICI Prudential Savings Fund 2,15,192 units of ₹ 100.00 each	–	–	995.46	995.46	–	995.46	–	–	941.92	941.92	–	941.92
SBI Savings Fund 31,88,615 units of ₹ 10.00 each	–	–	1,198.00	1,198.00	–	1,198.00	–	–	1,133.92	1,133.92	–	1,133.92
SBI Liquid Fund 4,440 (2022 - Nil) units of ₹ 1000.00 each	–	–	155.23	155.23	–	155.23	–	–	–	–	–	–
Kotak Savings Fund 2,50,11,498 units of ₹ 10.00 each	–	–	9,521.40	9,521.40	–	9,521.40	–	–	9,011.69	9,011.69	–	9,011.69
Nippon India Liquid Fund Nil (2022 - 1,177) units of ₹ 1000.00 each	–	–	–	–	–	–	–	–	60.77	60.77	–	60.77
UTI Liquid Cash Plan Nil (2022 - 55,932) units of ₹ 1000.00 each	–	–	–	–	–	–	–	–	1,939.02	1,939.02	–	1,939.02
Bonds / Debentures - Quoted												
A. Taxable												
ICICI Bank Limited 350 9.15% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 18AT (with first call option on 20 June 2023) of ₹ 1000000.00 each, fully paid	–	–	3,495.69	3,495.69	–	3,495.69	–	–	3,520.35	3,520.35	–	3,520.35
Power Finance Corporation Limited 850 6.75% Non-Cumulative Non-Convertible Redeemable Taxable Bonds in the nature of Debentures Series 202A (22 May 2023) of ₹ 1000000.00 each, fully paid	8,516.67	–	–	–	–	8,516.67	–	–	–	–	–	–
Small Industries Development Bank Of India 250 5.40% Non-Cumulative Non-Convertible Redeemable Taxable Bonds in the nature of Debentures Series IV (17 March 2025) of ₹ 1000000.00 each, fully paid (with Put and Call option on 18 March 2024)	2,446.03	–	–	–	–	2,446.03	–	–	–	–	–	–
B. Tax Free												
India Infrastructure Finance Company Limited Nil (2022 - 1,50,000) 7.19% (For Category I,II,III & IV) Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I) (22 January 2023) of ₹ 1000.00 each, fully paid	–	–	–	–	–	–	–	–	1,524.89	1,524.89	–	1,524.89
Indian Railway Finance Corporation Limited Nil (2022 - 15,00,000), 7.18% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the natureof Debentures Series 86 (19 February 2023) of ₹ 1000.00 each,fully paid	–	–	–	–	–	–	–	–	15,273.59	15,273.59	–	15,273.59
National Highways Authority of India 1,04,000 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	–	–	1,104.90	1,104.90	–	1,104.90	–	–	1,246.54	1,246.54	–	1,246.54
National Housing Bank Nil (2022 - 5,000) 6.82% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds (26 March 2023) of ₹ 10000.00 each, fully paid	–	–	-	–	–	–	–	–	507.99	507.99	–	507.99
REC Limited 60,000 8.12% For Category I & II Tax Free Secured Redeemable Non-Convertible Bonds (27 March 2027) of ₹ 1000.00 each, fully paid	–	–	619.58	619.58	–	619.58	–	–	680.85	680.85	–	680.85
Carried over	**10,962.70**	**–**	**27,721.06**	**27,721.06**	**–**	**38,683.76**	**–**	**–**	**43,008.22**	**43,008.22**	**–**	**43,008.22**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	As at 31st March, 2023						As at 31st March, 2022					
	Amortised cost	At Fair Value			Others *	Total	Amortised cost	At Fair Value			Others *	Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total				Through Other Comprehensive Income	Through profit or loss	Sub-Total		
	(1)	(2)	(3)	(4)=(2)+(3)	(5)	(6)=(1)+(4)+(5)	(7)	(8)	(9)	(10)=(8)+(9)	(11)	(12)=(7)+(10)+(11)
7. Investments (contd..)												
Brought forward	10,962.70	–	27,721.06	27,721.06	–	38,683.76	–	–	43,008.22	43,008.22	–	43,008.22
Equity Shares												
Others - Quoted												
Ultra Tech Cement Limited 3 Equity Shares of ₹ 10.00 each, fully paid	–	–	0.23	0.23	–	0.23	–	–	0.20	0.20	–	0.20
Others - Unquoted												
SKH Metals Limited 40,000 Equity Shares of ₹ 1.00 each, fully paid	–	–	...	...	–	...	–	–	...	...	–	...
Patheja Brothers Forgings and Stampings Limited 50,000 Equity Shares of ₹ 1.00 each, fully paid	–	–	...	...	–	...	–	–	...	...	–	...
Jind Textiles Limited 5,00,000 Equity Shares of ₹ 1.00 each, fully paid	–	–	...	...	–	...	–	–	...	...	–	...
Taib Capital Corporation Limited 2,45,000 Equity Shares of ₹ 1.00 each, fully paid	–	–	...	...	–	...	–	–	...	...	–	...
Non-Current Investment												
Mutual Fund Quoted												
Axis AAA Bond Plus SDL - 2026 Maturity 5,75,00,000 (2022 - Nil) units of ₹ 10.00 each	–	6,231.10	–	6,231.10	–	6,231.10	–	–	–	–	–	–
Nippon India ETF Nifty SDL - 2026 Maturity 10,00,000 (2022 - Nil) units of ₹ 10.00 each	–	1,117.11	–	1,117.11	–	1,117.11	–	–	–	–	–	–
Mutual Fund Unquoted												
Axis Crisil IBX SDL 2027 Maturity 1,11,58,207 (2022 - Nil) units of ₹ 10.00 each	–	1,154.06	–	1,154.06	–	1,154.06	–	–	–	–	–	–
Aditya Birla Sun Life Crisil IBX 60:40 SDL AAA PSU 2027 Maturity 1,45,78,250 (2022 - Nil) units of ₹ 10.00 each	–	1,505.35	–	1,505.35	–	1,505.35	–	–	–	–	–	–
Bonds / Debentures - Quoted												
Taxable												
Power Finance Corporation Limited 850 6.75% Non-Cumulative Non-Convertible Redeemable Taxable Bonds in the nature of Debentures Series 202A (22 May 2023) of ₹ 1000000.00 each, fully paid	–	–	–	–	–	–	8,635.13	–	–	–	–	8,635.13
LIC Housing Finance Limited 1,250 Zero Coupon Secured Redeemable Non-Convertible Debentures, Tranche 416 (25 April 2025) of ₹ 1000000.00 each, fully paid	13,571.99	–	–	–	–	13,571.99	12,845.64	–	–	–	–	12,845.64
Equity Instruments												
Subsidiaries - Unquoted												
Greenacre Holdings Limited 4,20,60,166 Equity Shares of ₹ 10.00 each, fully paid	–	–	–	–	4,210.34	4,210.34	–	–	–	–	4,210.34	4,210.34
Associates - Quoted												
International Travel House Limited 36,26,633 Equity Shares of ₹ 10.00 each, fully paid	–	–	–	–	2,121.58	2,121.58	–	–	–	–	2,121.58	2,121.58
Associates - Unquoted												
Russell Investments Limited 42,75,435 Equity Shares of ₹ 10.00 each, fully paid	–	–	–	–	427.57	427.57	–	–	–	–	427.57	427.57
Divya Management Limited 41,82,915 Equity Shares of ₹ 10.00 each, fully paid	–	–	–	–	693.08	693.08	–	–	–	–	693.08	693.08
Antrang Finance Limited 43,24,634 Equity Shares of ₹ 10.00 each, fully paid	–	–	–	–	439.56	439.56	–	–	–	–	439.56	439.56
Maharaja Heritage Resorts Limited (a joint venture of the Holding Company) 90,000 Equity Shares of ₹ 100.00 each, fully paid	–	–	–	–	90.00	90.00	–	–	–	–	90.00	90.00
Carried over	24,534.69	10,007.62	27,721.29	37,728.91	7,982.13	70,245.73	21,480.77	–	43,008.42	43,008.42	7,982.13	72,471.32

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	As at 31st March, 2023						As at 31st March, 2022					
	Amortised cost	At Fair Value			Others *	Total	Amortised cost	At Fair Value			Others *	Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total				Through Other Comprehensive Income	Through profit or loss	Sub-Total		
	(1)	(2)	(3)	(4)=(2)+(3)	(5)	(6)=(1)+(4)+(5)	(7)	(8)	(9)	(10)=(8)+(9)	(11)	(12)=(7)+(10)+(11)
7. Investments (contd..)												
Brought forward	**24,534.69**	**10,007.62**	**27,721.29**	**37,728.91**	**7,982.13**	**70,245.73**	**21,480.77**	**–**	**43,008.42**	**43,008.42**	**7,982.13**	**72,471.32**
Others - Quoted												
HLV Limited 50,27,565 Equity Shares of ₹ 2.00 each, fully paid	–	460.02	–	460.02	–	460.02	–	460.02	–	460.02	–	460.02
EIH Limited 1,52,32,129 Equity Shares of ₹ 2.00 each, fully paid	–	25,232.02	–	25,232.02	–	25,232.02	–	23,556.49	–	23,556.49	–	23,556.49
Others - Unquoted												
Lotus Court Limited 2 Class G Shares of ₹ 48,000.00 each, fully paid	–	234.00	–	234.00	–	234.00	–	234.00	–	234.00	–	234.00
Adyar Property Holding Company Private Limited 311 Equity Shares of ₹ 100.00 each, ₹ 65.00 per share paid-up	–	3.20	–	3.20	–	3.20	–	3.20	–	3.20	–	3.20
Total – Gross (A)	**24,534.69**	**35,936.86**	**27,721.29**	**63,658.15**	**7,982.13**	**96,174.97**	**21,480.77**	**24,253.71**	**43,008.42**	**67,262.13**	**7,982.13**	**96,725.03**
(i) Investments outside India	–	–	–	–	–	–	–	–	–	–	–	–
(ii) Investments in India	24,534.69	35,936.86	27,721.29	63,658.15	7,982.13	96,174.97	21,480.77	24,253.71	43,008.42	67,262.13	7,982.13	96,725.03
Total - Gross (B)	**24,534.69**	**35,936.86**	**27,721.29**	**63,658.15**	**7,982.13**	**96,174.97**	**21,480.77**	**24,253.71**	**43,008.42**	**67,262.13**	**7,982.13**	**96,725.03**
(i) Quoted investments	24,534.69	33,040.25	5,220.40	38,260.65	2,121.58	64,916.92	21,480.77	24,016.51	22,754.41	46,770.92	2,121.58	70,373.27
(ii) Unquoted investments	–	2,896.61	22,500.89	25,397.50	5,860.55	31,258.05	–	237.20	20,254.01	20,491.21	5,860.55	26,351.76
Total - Gross (C)	**24,534.69**	**35,936.86**	**27,721.29**	**63,658.15**	**7,982.13**	**96,174.97**	**21,480.77**	**24,253.71**	**43,008.42**	**67,262.13**	**7,982.13**	**96,725.03**
Less: Allowance for Impairment loss (D)	–	–	–	–	–	–	–	–	–	–	–	–
Total – Net [E = (A) - (D)]	**24,534.69**	**35,936.86**	**27,721.29**	**63,658.15**	**7,982.13**	**96,174.97**	**21,480.77**	**24,253.71**	**43,008.42**	**67,262.13**	**7,982.13**	**96,725.03**

* Investment in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment, if any.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
8. Other financial assets		
Current		
Interest accrued on bank deposits	19.42	0.06
TOTAL	**19.42**	**0.06**
9A. Current tax assets (Net)		
Income-tax assets (net of provisions)	–	100.77
TOTAL	**–**	**100.77**
9B. Current tax liabilities (Net)		
Current Tax Provision (net of advance tax)	173.89	–
TOTAL	**173.89**	**–**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

10. Property, Plant and Equipment

(₹ in lakhs)

Particulars	Gross Block							Depreciation							Net Book Value	
	As at 31st March, 2021	Additions	Withdrawals and adjustments	As at 31st March, 2022	Additions	Withdrawals and adjustments	As at 31st March, 2023	Upto 31st March, 2021	For the year	On Withdrawals and adjustments	Upto 31st March, 2022	For the year	On Withdrawals and adjustments	Upto 31st March, 2023	As at 31st March, 2023	As at 31st March, 2022
Tangible assets																
Building – Freehold	101.47	–	–	101.47	–	–	101.47	4.81	1.88	–	6.69	1.88	–	8.57	92.90	94.78
Plant and Equipment	0.16	–	–	0.16	–	–	0.16	0.06	0.02	–	0.08	0.02	–	0.10	0.06	0.08
TOTAL	**101.63**	–	–	**101.63**	–	–	**101.63**	**4.87**	**1.90**	–	**6.77**	**1.90**	–	**8.67**	**92.96**	**94.86**

The above includes following assets given on operating leases, which are not non-cancellable :

Particulars	As at 31st March, 2023				As at 31st March, 2022			
	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year
Building - Freehold *	39.25	5.38	33.87	0.88	39.25	4.50	34.75	0.90
TOTAL	**39.25**	**5.38**	**33.87**	**0.88**	**39.25**	**4.50**	**34.75**	**0.90**

* Note: The lease rental from these leased assets of ₹ 17.28 lakhs (2022: ₹ 17.28 lakhs) is included in “Rental Income” under “Revenue from operations” in the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
11. Other non-financial assets		
Unsecured, considered good		
Current		
Others (security deposits, prepaid expenses etc.)	0.66	0.65
Non-Current		
Deposits with statutory authorities	1.59	1.59
TOTAL	**2.25**	**2.24**
12. Other financial liabilities		
Current		
Other payables to Related Party [Refer Note 22 {vii (b)}]	42.28	39.51
Other payables - Liabilities for expenses	18.06	18.64
Non-Current		
Other payables to Related Party [Refer Note 22 {vii (b)}]	18.40	7.48
TOTAL	**78.74**	**65.63**
13. Provisions		
Current		
Provision for employee benefits [Refer Note 22 (iv)]		
Other benefits	0.13	0.12
Retirement benefits	7.84	–
Others		
Provision for litigation/disputes [Refer Note 22 (viii)]	40.45	117.01
Non-Current		
Provision for employee benefits [Refer Note 22 (iv)]		
Other benefits	6.20	6.48
Retirement benefits	–	5.85
Others		
Contingent provision against standard assets	29.05	29.05
TOTAL	**83.67**	**158.51**
14. Deferred tax liabilities (Net)		
Deferred tax liabilities	577.17	573.89
Less: Deferred tax assets	(132.81)	(106.62)
TOTAL	**444.36**	**467.27**

Movement in Deferred tax liabilities / assets balances: (₹ in lakhs)

2022-23	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities / (assets) in relation to:				
On fiscal allowances on property, plant and equipment, etc.	86.66	(12.80)	–	73.86
On employees separation and retirement, etc.	3.03	0.24	0.19	3.46
Other timing differences	16.93	38.56	–	55.49
Total deferred tax assets	**106.62**	**26.00**	**0.19**	**132.81**
On current investments - FVTPL	573.89	(3.11)	6.39	577.17
Total deferred tax liabilities	**573.89**	**(3.11)**	6.39	**577.17**
Deferred tax liabilities / (assets) (Net)	**467.27**	**(29.11)**	**6.20**	**444.36**

2021-22	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities / (assets) in relation to:				
On fiscal allowances on property, plant and equipment, etc.	101.62	(14.96)	–	86.66
On employees separation and retirement, etc.	3.58	(0.36)	(0.19)	3.03
Other timing differences	23.72	(6.79)	–	16.93
Total deferred tax assets	**128.92**	**(22.11)**	**(0.19)**	**106.62**
On current investments - FVTPL	796.33	(222.44)	–	573.89
Total deferred tax liabilities	**796.33**	**(222.44)**	–	**573.89**
Deferred tax liabilities / (assets) (Net)	**667.41**	**(200.33)**	**0.19**	**467.27**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
15. Other non-financial liabilities		
Current		
Statutory liabilities	14.35	154.00
TOTAL	**14.35**	**154.00**

	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in lakhs)
16. Equity Share Capital				
Authorised				
Equity Shares of ₹ 10.00 each	70,00,00,000	70,000.00	70,00,00,000	70,000.00
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	59,74,54,177	59,745.42	59,74,54,177	59,745.42
Equity Shares of ₹ 10.00 each, ₹ 6.50 per share paid up	7,54,22,400	4,902.46	7,54,22,400	4,902.46
TOTAL		**64,647.88**		**64,647.88**
A) Reconciliation of number of Equity Shares outstanding				
As at the beginning and at the end of the year (fully paid up)	59,74,54,177	59,745.42	59,74,54,177	59,745.42
As at the beginning and at the end of the year (partly paid up)	7,54,22,400	4,902.46	7,54,22,400	4,902.46
TOTAL		**64,647.88**		**64,647.88**

B) Shareholders holding more than 5% of the Equity Shares in the Company

	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 %	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 %
Issued, Subscribed and Fully Paid-up				
ITC Limited - Holding Company	59,74,54,177	100.00	59,74,54,177	100.00
Issued, Subscribed but not Fully Paid-up				
ITC Limited - Holding Company	7,54,22,400	100.00	7,54,22,400	100.00

C) Rights, preferences and restrictions attached to the equity shares

In respect of the Equity Shares of the Company having par value of ₹ 10.00 per share, the voting rights and entitlement to dividend are in the same proportion as the capital paid-up on such Equity Shares.

D) Shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment, including the terms and amounts

Nil

E) Details of equity shares for the period of immediately preceding five years from 31st March, 2023

	As at 31st March, 2023 (Aggregate no. of Shares)	As at 31st March, 2022 (Aggregate no. of Shares)
Allotted as fully paid up pursuant to contract without payment being received in cash	Nil	Nil
Allotted as fully paid up by way of bonus shares	Nil	Nil
Bought back	Nil	Nil

F) Company's objectives, policies and processes for managing capital

'The Company funds its operations mainly through internal accruals and does not have borrowings. The Company aims at maintaining a strong capital base so as to ensure adequate supply of funds towards future growth of its businesses as a going concern.

G) Shares held by promoter

	Promoter Name	As at 31 March, 2023			As at 31 March, 2022		
		No. of shares	% of Total Shares	% change during the year	No. of shares	% of Total Shares	% change during the year
Equity shares of ₹ 10.00 each, fully paid	ITC Limited	59,74,54,177	100.00	–	59,74,54,177	100.00	–
Equity shares of ₹ 10.00 each, ₹ 6.50 per share paid up	ITC Limited	7,54,22,400	100.00	–	7,54,22,400	100.00	–

	For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss
17(A). Interest Income				
Interest on Loans	7.40	–	73.60	–
Interest income from Investments	1,190.50	1,534.48	806.71	1,741.02
TOTAL	**1,197.90**	**1,534.48**	880.31	1,741.02

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
17(B). Net gain / (loss) on fair value changes		
On Financial Instruments measured at fair value through profit or loss	790.59	182.11
Total Net gain / (loss) on fair value changes	**790.59**	**182.11**
Fair Value changes:		
- Realised (on sale of investments)	(48.37)	50.80
- Unrealised	838.96	131.31
Total Net gain / (loss) on fair value changes	**790.59**	**182.11**
17(C). Other Income		
Interest on deposits with Banks	19.66	147.95
Interest Income		
- Others (from statutory authorities)	5.71	9.65
Recovery of Debts	303.00	–
Provision no longer required written back	76.56	–
TOTAL	**404.93**	**157.60**

	For the year ended 31st March, 2023 (₹ in Lakhs)		For the year ended 31st March, 2022 (₹ in Lakhs)	
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost
18. Finance Costs				
Interest expense				
- Others (to statutory authorities)	–	–	–	2.10
TOTAL	**–**	**–**	**–**	**2.10**

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
19. Employee Benefits Expenses		
Salaries and wages	43.75	69.50
Contribution to provident and other funds	3.05	4.83
Share Based Payments to employees on deputation*	36.17	3.89
Staff welfare expenses	22.47	7.12
Remuneration of managers' salary on deputation	252.03	223.99
TOTAL	**357.47**	309.33

* Includes reimbursement on account of share based payments as under :
ITC - Employee Stock Option Schemes (ESOS) : ₹ 11.32 lakhs (2022 : ₹ 2.01 lakhs)
ITC - Employee Stock Appreciation Linked Reward (ESAR) Plan: ₹ 24.85 lakhs (2022 : ₹ 1.88 lakhs) [Refer Note 22(ix)]

20. Other expenses		
Rent, taxes and energy costs	18.99	21.30
Communication costs	0.32	0.47
Printing and stationery	1.26	0.35
Auditor's fees and expenses *	6.81	6.80
Legal and Professional charges	21.64	23.49
Insurance	0.83	0.76
Bank, custodial and depository charges	0.09	0.16
Travelling and conveyance	1.54	3.73
Impairment loss allowance on trade receivables	–	9.68
Expenditure on Corporate Social Responsibility (CSR) activities [Refer Note 22 (xii)]	80.00	88.00
Other expenditure	2.64	1.80
TOTAL	**134.12**	156.54
*Auditor's fees and expenses excluding taxes:		
Audit fees	3.00	3.00
Tax audit fees	1.00	1.00
Fees for other services	2.80	2.80
Reimbursement of expenses	0.01	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
21. Income Tax Expenses		
A. Amount recognised in profit and loss		
Current Tax		
Income tax for the year	567.00	540.00
Total current Tax	**567.00**	**540.00**
Deferred tax		
Deferred tax for the year	(29.10)	(200.33)
Total deferred tax	**(29.10)**	**(200.33)**
TOTAL	**537.90**	**339.67**

B. Amount recognised in other comprehensive income

The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:

	2023	2022
Deferred tax		
On items that will not be reclassified to profit or loss - Remeasurement of defined benefit plans	0.19	(0.19)
On items that will be reclassified to profit or loss Debt instruments through other comprehensive income	(6.39)	–
TOTAL	**(6.20)**	**(0.19)**

C. Reconciliation of effective tax rate

The Income tax expense for the year can be reconciled to the accounting profit as follows:

	2023	2022
Profit before tax	**4,367.70**	**3,686.05**
Income tax expense calculated @ 25.168%	1,099.26	927.70
Effect of tax relating to uncertain tax positions	51.71	51.31
Effect of income taxable at different tax rate	(317.88)	(309.35)
Effect of income not taxable	(305.60)	(357.58)
Other differences	10.41	27.59
Total	**537.90**	**339.67**
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax recognised in profit or loss	**537.90**	**339.67**

The tax rate used for the above reconciliations is the corporate tax rate of 25.168% (22% + surcharge @ 10% and cess @ 4%) payable on taxable profits under the Income-tax Act, 1961.

22. Additional Notes to the Financial Statements

(i) Earnings per share :

		2023	2022
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in lakhs)	3,829.80	3,346.38
(b)	Weighted average number of equity shares outstanding for the purpose of basic earnings per share	64,64,78,737	64,64,78,737
(c)	Earnings per share on profit for the year (Face Value ₹ 10.00 per share) (in ₹) - Basic and Diluted [(a)/(b)]	0.59	0.52

(ii) Contingent liabilities and commitments :

(a) Claims against the Company not acknowledged as debts ₹ 68.96 lakhs (2022 : ₹ 68.96 lakhs). This comprises the following :

- Sales tax claims disputed by the Company relating to issues of applicability ₹ 36.63 lakhs (2022 : ₹ 36.63 lakhs);
- Lease tax on account of non-accrual of lease rental ₹ 32.33 lakhs (2022 : ₹ 32.33 lakhs).

  It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

(b) Commitments :

- Uncalled liability on partly paid-up shares ₹ 0.11 lakh (2022 : ₹ 0.11 lakh).

(iii) Leases:

As a Lessee

The Company's leasing arrangements are in respect of operating leases for buildings (office premises). The arrangement is for a period upto 5 years with either parties having option to cancel the lease. The lease is recognised as short-term lease. The total cash outflow for such leases for the year is ₹ 11.34 lakhs (2022 : ₹ 11.34 lakhs).

As a Lessor

The Company has leased out certain buildings under operating lease for lease terms ranging from 1 year to 5 years. Lease payments are structured with periodic escalations consistent with the prevailing market conditions. There are no variable lease payments that do not depend on an index or rate. Rental income recognised from the leases during the year is ₹ 60.84 lakhs (2022 : ₹ 60.84 lakhs). The Company does not have any risk relating to recovery of residual value of these assets at the end of leases considering the business requirements and other alternatives.

The undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows:

(₹ in lakhs)

Term	2023	2022
Within 1 year	25.28	24.54
Between 1-5 years	–	–
Later than 5 years	–	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(iv) Defined Benefit Plans/Long Term Compensated Absences:

Description of Plans

The Company makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees, one of which is a constituted and approved trust, which operates in accordance with the Trust Deed, Rules and applicable Statutes. The Trust is governed by Trustees, who provide strategic guidance for management of investments and liabilities of such Trust and periodically review the performance of the Trust.

Provident Fund and Gratuity Benefits are funded and Leave Encashment Benefits are unfunded in nature.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method at the year end. The Company makes a monthly contribution as a percentage of eligible salary to significant Employee Benefit Contribution Plans.

Risk Management

The Defined Benefit Plan expose the Company to risk of actuarial deficit arising out of investment risk, interest rate risk and salary cost inflation risk.

Investment Risk: This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. The Plan primarily invest in debt instruments such as Government securities and highly rated corporate bonds – the valuation of which is inversely proportional to the interest rate movements.

Interest Rate Risk: The present value of Defined Benefit Plans liability is determined using the discount rate based on the market yields prevailing at the end of reporting period on Government bonds. A decrease in yields will increase the fund liabilities and vice-versa.

Salary Cost Inflation Risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

The Plan have a relatively balanced mix of investments in order to manage the above risks. The investment strategy is designed based on the interest rate scenario, liquidity needs of the Plans and pattern of investment as prescribed under various statutes.

The Trustees monitor funding and investments positions and have mandated a diversified investment strategy in line with the statutory requirements. The investment strategy with respect to asset mix ensures that investment volatility risk is appropriately managed. Robust risk mitigation systems ensure that investments do not pose significant risk of impairment.

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
I	**Components of Employer Expense**					
	– Recognised in Profit or Loss					
	1	Current Service Cost	0.62	0.45	1.35	0.77
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	0.37	0.44	0.34	0.71
	4	**Total expense recognised in the Statement of Profit and Loss**	**0.99**	**0.89**	**1.69**	**1.48**
	– Remeasurements recognised in Other Comprehensive Income (OCI)					
	5	Return on plan assets (excluding amounts included in Net interest cost)	(0.04)	–	0.19	–
	6	Effect of changes in demographic assumptions	–	–	–	–
	7	Effect of changes in financial assumptions	(0.36)	(0.21)	(0.30)	(0.19)
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–
	9	Effect of experience adjustments	2.32	(0.95)	(0.53)	0.09
	10	**Total remeasurements included in Other Comprehensive Income**	**1.92**	**(1.16)**	**(0.64)**	**(0.10)**
	11	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)**	**2.91**	**(0.27)**	**1.05**	**1.38**
	The current service cost and net interest cost for the year pertaining to Gratuity expenses have been recognised in "Contribution to provident and other funds" and Leave Encashment in "Salaries and wages" under Note 19. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.					

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
II	**Actual Returns**		0.35	–	0.45	–
III	**Net Asset/(Liability) recognised in Balance Sheet**					
	1	Present Value of Defined Benefit Obligation	11.69	6.33	11.65	6.60
	2	Fair Value of Plan Assets	3.84	–	5.80	–
	3	Status [Surplus/(Deficit)]	(7.84)	(6.33)	(5.85)	(6.60)
	4	Restrictions on Asset Recognised	–	–	–	–

	5	**Net Asset/(Liability) recognised in Balance Sheet**	As at 31st March, 2023 (₹ in lakhs)		As at 31st March, 2022 (₹ in lakhs)	
			Current	Non-current	Current	Non-current
		- Gratuity	(7.84)	–	–	(5.85)
		- Leave Encashment	(0.13)	(6.20)	(0.12)	(6.48)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
IV	**Change in Defined Benefit Obligation (DBO)**					
	1	Present Value of DBO at the beginning of the year	11.65	6.60	21.25	11.26
	2	Current Service Cost	0.62	0.45	1.35	0.77
	3	Past Service Cost	–	–	–	–
	4	Interest Cost	0.68	0.44	0.98	0.71
	5	Remeasurement gains / (losses):				
		a. Effect of changes in demographic assumptions	–	–	–	–
		b. Effect of changes in financial assumptions	(0.36)	(0.21)	(0.30)	(0.19)
		c. Changes in asset ceiling (excluding interest income)	–	–	–	–
		d. Effect of experience adjustments	2.32	(0.95)	(0.53)	0.09
	6	Curtailment Cost / (Credit)	–	–	–	–
	7	Settlement Cost / (Credit)	–	–	–	–
	8	Liabilities assumed in business combination	–	–	–	–
	9	Exchange difference on foreign plans	–	–	–	–
	10	Benefits Paid	(3.22)	–	(11.10)	(6.04)
	11	**Present Value of DBO at the end of the year**	**11.69**	**6.33**	**11.65**	**6.60**

V		**Best Estimate of Employers' Expected Contribution for the next year**	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
		- Gratuity	1.22	1.13
		- Leave Encashment	–	–

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
VI	**Change in Fair Value of Assets**					
	1	Plan Assets at the beginning of the year	5.80	–	15.00	–
	2	Asset acquired in Business Combination	–	–	–	–
	3	Interest Income	0.31	–	0.64	–
	4	Remeasurement Gains/(Losses) on plan assets	0.04	–	(0.19)	–
	5	Actual Company Contributions	0.91	–	1.45	–
	6	Benefits Paid	(3.22)	–	(11.10)	–
	7	**Plan Assets at the end of the year**	**3.84**	–	5.80	–

VII	**Actuarial Assumptions**		As at 31st March, 2023	As at 31st March, 2022
			Discount Rate (%)	Discount Rate (%)
	1	Gratuity	7.50	6.75
	2	Leave Encashment	7.50	6.75
	The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.			

VIII	**Major Category of Plan Assets as a % of the Total Plan Assets**		As at 31st March, 2023	As at 31st March, 2022
	1	Government Securities/Special Deposit with RBI	4.69%	5.74%
	2	High Quality Corporate Bonds	3.04%	2.73%
	3	Insurer Managed Funds*	82.00%	84.68%
	4	Mutual Funds	3.30%	3.32%
	5	Cash and Cash Equivalents	6.97%	3.53%
	6	Term Deposits	–	–
	7	Equity	–	–

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

The employee benefit plan do not hold any securities issued by the Company.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

IX. Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
X	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)					
	1	Present Value of Defined Benefit Obligation	11.69	6.33	11.65	6.60
	2	Fair Value of Plan Assets	3.84	–	5.80	–
	3	Status [Surplus / (Deficit)]	(7.84)	(6.33)	(5.85)	(6.60)
	4	Experience Adjustment of Plan Assets [Gain / (Loss)]	0.04	–	(0.19)	–
	5	Experience Adjustment of obligation [(Gain) / Loss]	2.32	(0.95)	(0.53)	0.09

XI. Sensitivity Analysis

The sensitivity analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation (DBO) presented above. There was no change in the methods and assumptions used in the preparation of sensitivity analysis from previous year.

(₹ in lakhs)

		DBO as at 31st March, 2023		DBO as at 31st March, 2022	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Discount Rate + 100 basis points	11.17	6.01	10.97	6.17
2	Discount Rate - 100 basis points	12.28	6.69	12.42	7.09
3	Salary Increase Rate + 1%	12.29	6.70	12.43	7.10
4	Salary Increase Rate – 1%	11.15	6.00	10.95	6.16

Maturity Analysis of the Benefit Payments (₹ in lakhs)

		DBO as at 31st March, 2023		DBO as at 31st March, 2022	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Year 1	0.23	0.13	0.22	0.13
2	Year 2	7.01	3.49	0.25	0.14
3	Year 3	0.12	0.08	7.04	3.51
4	Year 4	0.14	0.09	0.14	0.10
5	Year 5	0.17	0.10	0.17	0.11
6	Next 5 Years	6.13	2.73	6.16	2.83

Amount towards Defined Contribution Plans have been recognised under 'Contribution to provident and other funds' in Note 19: ₹ 2.07 lakhs (2022 : ₹ 3.14 lakhs).

(v) Micro, Small and Medium scale business entities:

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2023. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(vi) Segment Reporting:

The Company is primarily engaged in the business of financial services in India. Consequently, there are no separate reportable segments as per 'Ind AS 108'. The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The entity-wide disclosure is as under:

(₹ in lakhs)

	2023	2022
Non-current assets (in India)	94.55	96.45

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vii) **Related Party Disclosures**

(a) RELATIONSHIP:

(i) Holding Company:

– ITC Limited

(ii) Subsidiary Company:

– Greenacre Holdings Limited

(iii) Fellow Subsidiary Company with whom the Company had transactions:

– ITC IndiVision Limited

(iv) Associate Company with whom the Company had transactions:

– International Travel House Limited

(v) Key Management Personnel (KMP):

– Mr. R. Tandon	Chairman & Non-Executive Director (upto 21.07.2022)
– Mr. S. Dutta	Chairman (w.e.f. 22.07.2022) & Non-Executive Director
– Ms. P. Balaji	Non-Executive Director
– Mr. T.S.M. Shenoy	Non-Executive Director
– Mr. J. Singh	Additional Non-Executive Director (w.e.f. 22.07.2022)
– Mr. R. K. Singhi	Non-Executive Director
– Mr. Suresh Kumar Subramani	Additional Non-Executive Director (w.e.f. 01.10.2022)
– Mr. A. Marodia	Chief Financial Officer
– Ms. N. Bajaj	Manager & Company Secretary

(b) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES DURING THE YEAR AND THE STATUS OF OUTSTANDING BALANCES AS AT THE YEAR END

(₹ in lakhs)

RELATED PARTY TRANSACTION SUMMARY		Holding Company		Subsidiary Company		Fellow Subsidiaries		Associate Company		Key Management Personnel		Total	
		2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
1.	Rent Received	**60.84**	60.84	**–**	–	**–**	–	**–**	–	**–**	–	**60.84**	60.84
2.	Purchase of Services – ITC Limited – International Travel House Limited	 **0.09** **–**	 1.13 –	 **–** **–**	 – –	 **–** **–**	 – –	 **–** **1.52**	 – 3.70	 **–** **–**	 – –	 **0.09** **1.52**	 1.13 3.70
3.	Rent Paid	**13.38**	13.38	**–**	–	**–**	–	**–**	–	**–**	–	**13.38**	13.38
4.	Expenses Reimbursed - Internal Auditor - Others	 **36.77** **4.96**	 – 4.15	 **–** **–**	 – –	 **–** **–**	 – –	 **–** **–**	 – –	 **–** **–**	 – –	 **36.77** **4.96**	 – 4.15
5.	Loans Disbursed – ITC IndiVision Limited	 **–**	 –	 **–**	 –	 **1,250.00**	 –	 **–**	 –	 **–**	 –	 **1,250.00**	 –
6.	Interest Income - North East Nutrients Private Limited - ITC IndiVision Limited	 **–** **–**	 – –	 **–** **–**	 – –	 **–** **7.40**	 73.60 –	 **–** **–**	 – –	 **–** **–**	 – –	 **–** **7.40**	 73.60 –
7.	Receipt towards Loan Repayment - North East Nutrients Private Limited	 **–**	 –	 **–**	 –	 **–**	 1,220.00	 **–**	 –	 **–**	 –	 **–**	 1,220.00
8.	Interim Dividend paid Final Dividend paid	**–** **387.89**	1,228.31 –	**–** **–**	– –	**–** **–**	– –	**–** **–**	– –	**–** **–**	– –	**–** **387.89**	1,228.31 –
9.	Remuneration of manager on deputation reimbursed - for Chief Financial Officer - Mr. S. Suresh Kumar - Mr. A. Marodia	 **–** **102.84**	 108.32 17.15	 **–** **–**	 – –	 **–** **–**	 – –	 **–** **–**	 – –	 **–** **–**	 – –	 **–** **102.84**	 108.32 17.15
10.	Remuneration of managers on deputation reimbursed -for Manager & Company Secretary	**112.42**	98.52	**–**	–	**–**	–	**–**	–	**–**	–	**112.42**	98.52
11.	Remuneration on account of share based payment for managers on deputation	**36.17**	3.89	**–**	–	**–**	–	**–**	–	**–**	–	**36.17**	3.89
12.	Dividend Income -Russell Investments Limited	 **–**	 –	 **–**	 –	 **–**	 –	 **21.38**	 –	 **–**	 –	 **21.38**	 –
13.	**Outstanding Balances** i) Rental Security Deposit - ITC Limited	 **36.00**	 36.00	 **–**	 –	 **–**	 –	 **–**	 –	 **–**	 –	 **36.00**	 36.00
	ii) Loans given - ITC IndiVision Limited	 **–**	 –	 **–**	 –	 **1,250.00**	 –	 **–**	 –	 **–**	 –	 **1,250.00**	 –
	iii) Payables - ITC Limited - International Travel House Limited	 **24.29** **–**	 10.19 –	 **–** **–**	 – –	 **–** **–**	 – –	 **–** **0.39**	 – 0.80	 **–** **–**	 – –	 **24.29** **0.39**	 10.19 0.80

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(viii) Provision for litigation/disputes: (₹ in lakhs)

	2023	2022
Balance as at the beginning of the year	117.01	169.49
Add: Additions during the year	–	2.10
(Less): Payments/provision reversal during the year	(76.56)	(54.58)
Balance as at the end of the year	40.45	117.01
Classified as Provisions (Current) (Refer Note 13)	40.45	117.01

(ix) The Chief Financial Officer , the Manager & Company Secretary and the Internal Auditor of the Company on deputation from ITC Limited (ITC) have been granted Stock Options by ITC under the ITC Employee Stock Option Schemes (ITC ESOS). ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) in the previous year(s) to the eligible managers deputed to the Company under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan).

The cost of equity settled options granted under ITC ESOS / cash settled units granted under ITC ESAR Plan have been recognised as equity settled / cash settled share based payments, respectively, in accordance with Ind AS 102 – Share Based Payment. In terms of the deputation arrangement, the Company has accounted for the cost of the fair value of Stock Options / ESAR Units granted to the deputed employees on-charge by ITC. Accordingly, an amount of ₹ 11.32 lakhs (2022 : ₹ 2.01 lakhs) towards Stock Options and ₹ 24.85 lakhs (2022 : ₹ 1.88 lakhs) towards ESAR Units have been recognised as employee benefits expense (Refer Note 19). The net liability of ₹ 24.29 lakhs (2022 : ₹ 10.19 lakhs) on account of ESAR Units is included under Note 12 of the financial statements.

The summary of movement of the aforesaid Stock Options granted by ITC and status of the outstanding Options is as under:

Particulars	As at 31st March, 2023	As at 31st March, 2022
	No. of Options	No. of Options
Outstanding at the beginning of the year	14,553	38,108
Add: Granted during the year	3,550	1,800
Add / (Less): Movement due to transfer of employees within the group	12,041	(21,361)
(Less): Lapsed during the year	–	(3,553)
(Less): Exercised during the year	(6,689)	(441)
Outstanding at the end of the year	**23,455**	**14,553**
Options exercisable at the end of the year	18,365	12,753

Note: The weighted average exercise price of the Options granted to all Optionees under the ITC ESOS is computed by ITC as a whole.

Since the above-mentioned Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units.

(x) Disclosures for comparison between provisions required under prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109:

(₹ in lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowance (Provision) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provision and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	1,303.87	29.05*	1,274.82	5.22	23.83
	Stage 2	–	–	–	–	–
Subtotal		**1,303.87**	**29.05**	**1,274.82**	**5.22**	**23.83**
Non-Performing Assets (NPA)						
Substandard	Stage 3	–	–	–	–	–
Doubtful - up to 1 year	Stage 3	–	–	–	–	–
1 to 3 years	Stage 3	–	–	–	–	–
More than 3 years	Stage 3	–	–	–	–	–
Subtotal for doubtful		–	–	–	–	–
Loss	Stage 3	–	–	–	–	–
Subtotal for NPA		–	–	–	–	–
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current IRACP norms	Stage 1	–	–	–	–	–
	Stage 2	–	–	–	–	–
	Stage 3	–	–	–	–	–
Subtotal		–	–	–	–	–
Total	**Stage 1**	1,303.87	29.05*	1,274.82	5.22	23.83
	Stage 2	–	–	–	–	–
	Stage 3	–	–	–	–	–
	Total	**1,303.87**	**29.05***	**1,274.82**	**5.22**	**23.83**

* The Company creates / maintains appropriate loss provision in terms of the requirements of applicable Indian Accounting Standards and Prudential Norms of Reserve Bank of India, whichever is higher. Also, refer to Note 13 relating to 'Contingent provision against standard assets'.

Note: Details of accounts that are past due beyond 90 days but not treated as impaired:

a) Number of such accounts: Nil

b) Total amount outstanding: Nil

c) Overdue amounts: Nil

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(xi) Disclosures under Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Scale Based Regulatory Framework prescribed for NBFCs :

a) Capital

Particulars		2023	2022
i)	CRAR (%)	**104.73**	98.83
ii)	CRAR - Tier I Capital (%)	**104.70**	98.79
iii)	CRAR - Tier II Capital (%)	**0.03**	0.04
iv)	Amount of subordinated debt raised as Tier II Capital (₹ in lakhs)	–	–
v)	Amount raised by issue of Perpetual Debt Instruments (₹ in lakhs)	–	–

b) Investments (₹ in lakhs)

Particulars			2023	2022
(1)	Value of Investments			
	(i)	Gross Value of Investments		
		(a) In India	96,174.97	96,725.03
		(b) Outside India	–	–
	(ii)	Provisions for Depreciation		
		(a) In India	–	–
		(b) Outside India	–	–
	(iii)	Net Value of Investments		
		(a) In India	96,174.97	96,725.03
		(b) Outside India	–	–
(2)	Movement of provisions held towards Depreciation on Investments		–	–
	(i)	Opening balance	–	–
	(ii)	Add : Provisions made during the year	–	–
	(iii)	Less : Write-off / (write-back) of excess provisions during the year	–	–
	(iv)	Closing balance	–	–

c) Derivatives

i. Forward Rate Agreement / Interest Rate Swap : Nil

ii. Exchange Traded Interest Rate Derivatives : Nil

iii. Disclosures on Risk Exposure in Derivatives :

a. Qualitative Disclosure : The Company does not use Derivatives to hedge its risks.

b. Quantitative Disclosure : Nil

d) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities: (₹ in lakhs)

	0 to 7 Days	8 to 14 Days	15 Days & upto 1 month	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits											
- Fixed Deposits with Banks	–	–	–	–	–	–	5.78	5,000.00	–	–	5,005.78
- Others	–	–	–	–	–	–	–	–	–	–	–
Advances / Loans	–	–	–	–	–	–	–	1,250.00	–	–	1,250.00
Investments	22,500.89	–	–	8,516.67	–	3,495.69	2,446.03	20,920.20	3,278.99	35,016.50	96,174.97
Borrowings	–	–	–	–	–	–	–	–	–	–	–
Foreign Currency assets	–	–	–	–	–	–	–	–	–	–	–
Foreign Currency liabilities	–	–	–	–	–	–	–	–	–	–	–

e) Liquidity Risk Management:

i. Institutional set-up for liquidity risk management:

The Company has a well-defined Liquidity Risk Management Policy in place which is reviewed on a periodic basis. The Board of Directors of the Company has the overall responsibility for management of liquidity risk. The Board decides the strategies, policies and procedures of the Company to manage liquidity risk. The Risk Management Committee is responsible for evaluating the overall risks faced by the Company. The Asset Liability Management Committee is responsible for adherence to the policies and procedures adopted by the Board for managing liquidity risk.

ii. Funding concentration (borrowings) based on significant counterparty: Nil

iii. Funding concentration based on significant instrument / product: Nil

iv. Top 10 borrowings (amount in ₹ crore and % of total borrowings): Nil

v. Stock Ratios:

a. Short-Term Liabilities as a % of Total Assets: 0.12%

b. Short-Term Liabilities as a % of Total Liabilities: 15.49%

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

f) Exposure to Capital Market: (₹ in lakhs)

Particulars		2023	2022
(i)	Direct investment in equity shares (*), convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	27,813.85	26,138.29
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;		
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	–	–
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	–	–
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	–	–
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	–	–
(vii)	Bridge loans to companies against expected equity flows / issues;	–	–
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	–	–
Total Exposure to Capital Market		**27,813.85**	**26,138.29**

** Only quoted equity investments considered.*

g) *Sectoral Exposure* (₹ in lakhs)

Sectors	As on 31st March, 2023			As on 31st March, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture & Allied activities	–	–	–	–	–	–
2. Industry						
i. Manufacturing	1,250.00	–	–	–	–	–
3. Services	–	–	–	–	–	–
4. Personal Loans	–	–	–	–	–	–
5. Others	–	–	–	–	–	–
Total	**1,250.00**	–	–	–	–	–

h) Details of financing of parent company products: Nil
i) Details of Single Borrower Limit / Group Borrower Limit exceeded by the Company: Nil
j) Unsecured Advances / Loans as on 31st March, 2023: 1,250.00 lakhs
k) Registration obtained from other financial sector regulators: None
l) Penalties imposed by RBI and other regulators: Nil
m) Area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries: None
n) Related Party Transactions: Details of material transactions with related parties and Company's Policy on dealing with Related Party Transactions are disclosed in the Report of the Board of Directors & Management Discussion and Analysis.
o) Ratings assigned by credit rating agencies and migration of ratings during the year: None
p) Pecuniary relationship or transaction with Non-Executive Directors: None
q) Provisions and Contingencies : (₹ in lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss		2023	2022
Provisions for Depreciation on Investment		–	–
Provision towards NPA		–	–
Provision made towards Income tax (including deferred tax)		537.90	339.67
Other Provision and Contingencies (with details)			
A	Provision for compensated absences	0.89	1.48
B	Provision for gratuity	0.99	1.69
C	Impairment loss allowance on trade receivables	–	9.68
Provision for Standard Assets		–	–

r) Draw Down from Reserves: Nil
s) Concentration of Deposits: Not Applicable
t) Concentration of Advances and Exposures : (₹ in lakhs)

Borrower	As at 31st March, 2023			As at 31st March, 2022		
	Principal	Interest Accrued	Percentage to Total Exposure	Principal	Interest Accrued	Percentage to Total Exposure
ITC IndiVision Limited	1.250.00	–	100.00%	–	–	–
Total	**1.250.00**	–	**100.00%**	–	–	–

u) Concentration of NPAs : Nil
v) Sector-wise NPAs : Nil
w) Movement of NPAs : Nil
x) Overseas Assets : Nil
y) Off-Balance Sheet SPVs sponsored : Nil

z) Customer Complaints:

Sr. No.	Particulars	2023	2022
I	No. of complaints pending at the beginning of the year	**Nil**	Nil
II	No. of complaints received during the year	**Nil**	Nil
III	No. of complaints disposed during the year	**Nil**	Nil
	III.1. Of which, number of complaints rejected by the Company	**Nil**	Nil
IV	No. of complaints pending at the end of the year	**Nil**	Nil
	Maintainable complaints received by the Company from the office of Ombudsman	**Nil**	Nil
V	Number of maintainable complaints received by the Company from the office of Ombudsman	**Nil**	Nil
	V.1. of V, number of complaints resolved in favour of the Company by Office of Ombudsman	**Nil**	Nil
	V.2 of V, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	**Nil**	Nil
	V.3 of V, number of complaints resolved after passing of awards by Office of Ombudsman against the company	**Nil**	Nil
VI	Number of Awards unimplemented within the stipulated time (other than those appealed)	**Nil**	Nil

aa) Top five grounds of complaints received by the NBFCs from customers : Nil

ab) Unhedged foreign currency exposure : Nil

ac) Intra-Group Exposures: (₹ in lakhs)

Particulars	2023	2022
Total amount of intra-group exposures	**1,250.00**	–
Total amount of top 20 intra-group exposures	**1,250.00**	–
Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	**100.00%**	–

ad) Related Party disclosures :

Related Party/Items	Parent Company		Subsidiaries		Associates /Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others*		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Borrowings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Placement of deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Investments	–	–	**4,210.34**	4,210.34	**3,771.79**	3,771.79	–	–	–	–	–	–	**7,982.13**	7,982.13
Loans Disbursed	–	–	–	–	–	–	–	–	–	–	**1,250.00**	–	**1,250.00**	–
Receipt towards Loan Repayment	–	–	–	–	–	–	–	–	–	–	–	1,220.00	–	1,220.00
Purchase of Fixed Asset	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of Fixed Asset	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest Paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest received	–	–	–	–	–	–	–	–	–	–	**7.40**	73.60	**7.40**	73.60
Others														
a) Rent Received	**60.84**	60.84	–	–	–	–	–	–	–	–	–	–	**60.84**	60.84
b) Purchase of Services	**0.09**	1.13	–	–	**1.52**	3.70	–	–	–	–	–	–	**1.61**	4.83
c) Rent Paid	**13.38**	13.38	–	–	–	–	–	–	–	–	–	–	**13.38**	13.38
d) Expenses Reimbursed														
- Internal Auditor	**36.77**	–	–	–	–	–	–	–	–	–	–	–	**36.77**	–
- Others	**4.96**	4.15	–	–	–	–	–	–	–	–	–	–	**4.96**	4.15
e) Dividend paid	**387.89**	1,228.31	–	–	–	–	–	–	–	–	–	–	**387.89**	1,228.31
f) Remuneration of manager on deputation reimbursed - for Chief Financial Officer	**102.84**	125.47	–	–	–	–	–	–	–	–	–	–	**102.84**	125.47
g) Remuneration of managers on deputation reimbursed - for Manager & Company Secretary	**112.42**	98.52	–	–	–	–	–	–	–	–	–	–	**112.42**	98.52
h) Remuneration on account of share-based payment for managers on deputation	**36.17**	3.89	–	–	–	–	–	–	–	–	–	–	**36.17**	3.89
i) Rental Security Deposit	**36.00**	36.00	–	–	–	–	–	–	–	–	–	–	**36.00**	36.00
k) Payables	**24.29**	10.19	–	–	**0.39**	0.80	–	–	–	–	–	–	**24.68**	10.99
l)Dividend Income	–	–	–	–	**21.38**	–	–	–	–	–	–	–	**21.38**	–
Total	**815.65**	1,581.88	**4,210.34**	4,210.34	**3,795.08**	3,776.29	–	–	–	–	**1,257.40**	1,293.60	**10,078.47**	10,862.11

* Others includes transactions with Fellow Subsidiaries.

a) Breach of covenant : Nil

b) Divergence in Asset Classification and Provisioning : Nil

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(xii) Corporate Social Responsibility (CSR)

i.	Amount required to be spent by the company during the year	:	₹ 79.87 lakhs (2022: 87.20 lakhs)
ii.	Amount of expenditure incurred	:	₹ 80.00 lakhs (2022 : ₹ 88.00 lakhs)
iii.	Shortfall at the end of the year	:	–
iv.	Total of previous years shortfall	:	–
v.	Reason for shortfall	:	Not Applicable
vi.	Nature of CSR activities	:	Project on rural development by promoting education and health & sanitations practices in schools and villages of Kolar & Bengaluru districts of Karnataka, implemented through the ITC Rural Development Trust, an implementation agency.
vii.	Details of related party transactions	:	Not Applicable
viii.	Movement of provision during the year w.r.t. liability towards contractual obligation	:	Not Applicable

(xiii) Financial Ratios:

Refer Note 22 (xi)(a) for Capital to risk-weighted assets ratio (CRAR), Tier I CRAR and Tier II CRAR.

RBI's Guidelines on maintenance of Liquidity Coverage Ratio [as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016] are not applicable to the Company. Accordingly, the same has not been determined.

(xiv) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending.

- Ind AS 1, 'Presentation of Financial Statements' - This amendment require companies to disclose their material accounting policies rather than their significant accounting policies.
- Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments clarify how companies account for deferred tax on transactions such as leases.
- Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – This amendment has introduced a definition of 'accounting estimates' and included guidance to help distinguish changes in accounting policies from changes in accounting estimates.

  The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. Based on a preliminary evaluation, the Company does not expects that any material impact on the financial statements resulting from the implementation of these amendments.

(xv) The financial statements were approved for issue by the Board of Directors on 25th April, 2023.

Schedule to the Balance Sheet as at 31st March, 2023

As required in terms of Paragraph 19 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(₹ in lakhs)

	Particulars	**31st March, 2023**	
	Liabilities Side :	**Amount Outstanding**	**Amount Overdue**
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid**	–	–
	a) Debentures		
	Secured	–	–
	Unsecured	–	–
	(Other than falling within the meaning of public deposits)		
	b) Deferred Credits	–	–
	c) Term Loans	–	–
	d) Inter-Corporate loans and borrowings	–	–
	e) Commercial papers	–	–
	f) Public Deposits	–	–
	g) Other Loans (specify nature)	–	–
(2)	**Break-up off (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :**		
	a) In the form of Unsecured debentures	–	–
	b) In the form of partly Secured debentures i.e., debentures where share is a shortfall in the value of security	–	–
	c) Other public deposit	–	–
	Assets Side:	**Amount Outstanding**	
(3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]**		
	a) Secured	–	
	b) Unsecured	1.250.00	
(4)	**Break-up of Leased Assets and stock on hire and other assets counting towards asset financing activities**		
	(i) Lease assets including lease rentals under sundry debtors	**33.87**	
	(a) Financial lease	–	
	(b) Operating lease	33.87	
	(ii) Stock on hire including hire charges under sundry debtors	–	
	(a) Assets on hire	–	
	(b) Repossessed Assets	–	
	(iii) Other Loans counting towards asset financing activities	–	
	(a) Loans where assets have been repossessed	–	
	(b) Loans other than (a) above	–	
(5)	**Break-up of Investments : Current Investments**		
	1. Quoted:	**16,183.10**	
	(i) Shares : (a) Equity	0.23	
	(b) Preference	–	
	(ii) Debentures and Bonds	16,182.87	
	(iii) Units of mutual funds	–	
	(iv) Government Securities	–	
	(v) Others (please specify)	–	

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	Assets Side:	Amount Outstanding		
	2. Unquoted:	**22,500.89**		
	(i) Shares : (a) Equity	–		
	(b) Preference	–		
	(ii) Debentures and Bonds	–		
	(iii) Units of mutual funds	22,500.89		
	(iv) Government Securities	–		
	(v) Others (please specify)	–		
	Long Term Investments			
	1. Quoted:	**48,733.82**		
	(i) Shares : (a) Equity	27,813.62		
	(b) Preference	–		
	(ii) Debentures and Bonds	13,571.99		
	(iii) Units of mutual funds	7,348.21		
	(iv) Government Securities	–		
	(v) Others (please specify)	–		
	2. Unquoted :	**8,757.16**		
	(i) Shares : (a) Equity	6,097.75		
	(b) Preference	–		
	(ii) Debentures and Bonds	–		
	(iii) Units of mutual funds	2,659.41		
	(iv) Government Securities	–		
	(v) Others (please specify)	–		
(6)	**Borrower group-wise classification of assets financed as in (3) and (4) above:**			
	Category	**Amount Net of Provisions***		
		Secured	**Unsecured**	**Total**
	1. Related Parties			
	(a) Subsidiaries	–	–	–
	(b) Companies in the same group	–	33.87	33.87
	(c) Other related parties	–	1,250.00	1,250.00
	2. Other than related parties	–	–	–
	Total * The Company maintains a loss provision of ₹ 29.05 lakhs which is considered adequate to meet the RBI Prudential Norms & Expected Credit Loss Policy of the Company. Hence, no further provision is considered necessary. [Refer Note 13 & 22 (x)].	–	**1,283.87**	**1,283.87**
(7)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**			
	Category	**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**	
	1. Related Parties			
	(a) Subsidiaries	5,463.52	4,210.34	
	(b) Companies in the same group	11,929.79	3,771.79	
	(c) Other related parties	–	–	
	2. Other than related parties	85,236.34	88,192.84	
	Total	**102,629.65**	**96,174.97**	
(8)	**Other information**			
	Particulars	**Amount**		
	(i) Gross Non-Performing Assets	–		
	(a) Related Parties	–		
	(b) Other than related parties	–		
	(ii) Net Non-Performing Assets	–		
	(a) Related Parties	–		
	(b) Other than related parties	–		
	(iii) Assets acquired in satisfaction of debt	–		

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

23. Financial Instruments and Related Disclosures

1. Categories of Financial Instruments

(₹ in lakhs)

Particulars		Note	As at 31st March, 2023		As at 31st March, 2022	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets						
a)	**Measured at amortised cost**					
	i) Cash and cash equivalents	3	27.53	27.53	19.44	19.44
	ii) Bank Balance other than (i) above	4	5005.78	5005.78	5.78	5.78
	iii) Trade Receivables	5(I)	–	–	16.50	16.50
	iv) Loans	6	1,250.00	1,250.00	–	–
	v) Investment in Bonds	7	24,534.69	21,578.19	21,480.77	21,332.55
	vi) Other financial assets	5(II) & 8	829.64	829.64	1,333.05	1,333.05
	Sub - total		**31,647.64**	**28,691.14**	**22,855.54**	**22,707.32**
b)	**Measured at Fair value through OCI**					
	i) Investment in Equity shares	7	25,929.24	25,929.24	24,253.71	24,253.71
	ii) Investment in Mutual Funds	7	10,007.62	10,007.62	–	–
	Sub - total		**35,936.86**	**35,936.86**	**24,253.71**	**24,253.71**
c)	**Measured at Fair value through Profit or Loss**					
	i) Investment in Mutual Funds	7	22,500.89	22,500.89	20,254.01	20,254.01
	ii) Investment in Bonds	7	5,220.17	5,220.17	22,754.21	22,754.21
	iii) Investment in Equity Shares	7	0.23	0.23	0.20	0.20
	Sub - total		**27,721.29**	**27,721.29**	**43,008.42**	**43,008.42**
	Total financial assets		**95,305.79**	**92,349.29**	**90,117.67**	**89,969.45**
B. Financial liabilities						
a)	**Measured at amortised cost**					
	i) Other financial liabilities	12	78.74	78.74	65.63	65.63
	Total financial liabilities		**78.74**	**78.74**	**65.63**	**65.63**

2. Financial risk management objectives

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

Market risk

Market risk is the risk of loss owing to changes in the general level of market prices or interest rates. As the Company is debt-free, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible.

The Company's investment activities focus on managing its investment, primarily in debt instruments and are administered under a set of approved policies and procedures guided by the tenets of liquidity, safety and return. This ensures that investments are only made within acceptable risk parameters after due evaluation.

The Company's investments are predominantly held in bonds, fixed deposits and debt mutual funds etc. Mark to market movements in respect of the Company's investments in bonds that are held at amortised cost are temporary and get recouped through fixed coupon accruals. Other investments in bonds are fair valued through the Statement of Profit and Loss to recognise market volatility, which is not considered to be significant. Fixed deposits are held with highly rated banks and companies and have a short tenure and are not subject to interest rate volatility.

The Company also invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risks that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial liabilities are ₹ 78.74 lakhs (2022: ₹ 65.63 lakhs) as against cash and cash equivalents of ₹ 27.53 lakhs (2022: ₹ 19.44 lakhs) and investments as reflected in Note 7 of the financial statements. Further, the Company's total equity stands at ₹ 1,02,588.12 lakhs (2022: ₹ 97,452.26 lakhs). In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

Credit risk

As the Company is debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible. Investments are made in debt instruments, within approved policies and procedures guided by the tenets of liquidity, safety and return. This ensures that investments are only made within acceptable risk parameters.

The Company's investments are predominantly held in debt mutual funds, fixed deposits etc. The Company invests in mutual fund schemes of leading fund houses. Portfolios of the schemes are reviewed for compliance to the risk management practices on an ongoing basis. Such investments are susceptible to market price risk that arises mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

Fixed deposits are held with highly rated banks and companies and have a short tenure and are not subject to interest rate volatility.

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from loans and investment securities held to maturity. Company's deployment in debt instruments are primarily in fixed deposits with highly rated banks and corporates, bonds issued by government institutions, public sector undertakings and certificate of deposit issued by highly rated bank. With respect to the Company's investing activities, counter parties are shortlisted and exposure limits determined on the basis of their credit evaluation, financial statements and other relevant information. As these counter parties are Government institutions, public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low; consequently, trade receivables are considered to be a single class of financial assets. Loss allowances and impairment is recognised, where considered appropriate by responsible management.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition.

The Company uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of Expected Credit Loss (ECL). The external information used includes economic data and forecasts published by governmental bodies and monetary authorities. Appropriate loss provision is created / maintained in terms of the requirements of applicable Indian Accounting Standards and Prudential Norms of Reserve Bank of India, along with additional provisions, if any, required for specific loss in accordance with management estimates.

For position of past due receivables refer to Notes 5, 22 (xi)(d) and for movement of provisions thereof, refer to Notes 13, 22 (xi)(b), 22 (xi)(q). There is no movement in the contingent provision against standards assets during the year (Refer Note 13).

3. Fair value measurement

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market or Net Asset Value (NAV) for identical assets or liabilities.

Level 2: Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The fair value of investment in Bonds/debentures, Certificate of deposits etc. and Financial liabilities, where applicable, is determined using market observable inputs such as quotes from market participants, value published by the issuer etc.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted methodologies such as discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities, where applicable, is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as best estimate of fair value.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. The sensitivity of change in the unobservable inputs used in fair valuation of Level 3 financial assets and liabilities does not have a significant impact on their value. There were no transfers between Level 1, Level 2 and Level 3 during the year.

The following table presents the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

(₹ in lakhs)

Particulars		Fair Value Hierarchy (Level)	Fair Value	
			As at 31st March, 2023	As at 31st March, 2022
A. Financial assets				
a)	**Measured at amortised cost**			
	i) Investment in Bonds	2	21,578.19	21,332.55
b)	**Measured at Fair value through Other Comprehensive Income**			
	i) Investment in Equity Shares	1	25,692.04	24,016.51
	ii) Investment in Equity Shares	3	237.20	237.20
	iii) Investment in Mutual Funds	1	10,007.62	–
c)	**Measured at Fair value through Profit or Loss**			
	i) Investment in Mutual Funds	1	22,500.89	20,254.01
	ii) Investment in Bonds	2	5,220.17	22,754.21
	iii) Investment in Equity Shares	1	0.23	0.20

Reconciliation of fair value movement of financial assets and liabilities measured at fair value on a recurring basis and categorised within Level 3 of the fair value hierarchy is as under:

	31st March, 2023	31st March, 2022
	Financial Assets at FVTOCI	Financial Assets at FVTOCI
Opening Balance	237.20	237.20
Additions during the year	–	–
Sale/Transfer/Settlement during the year	–	–
Gain / (Loss) during the year recognised in Other Income	–	–
Gain / (Loss) during the year recognised in Other Comprehensive Income	–	–
Closing Balance	**237.20**	**237.20**

In terms of our report attached

For Maheshwari & Associates
Chartered Accountants

Firm Registration Number: 311008E

On behalf of the Board

Bijay Murmuria
Partner

S. DUTTA *Chairman*

T. S. M. SHENOY *Director*

Membership No. 055788

A. MARODIA *Chief Financial Officer*

N. BAJAJ *Manager & Company Secretary*

Kolkata, 25th April, 2023

Form AOC-1

[Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of Subsidiaries / Associate companies / Joint Ventures

Part A : Subsidiaries

1.	**SI. No.**	:	1
2.	**Name of the Subsidiary**	:	Greenacre Holdings Limited
3.	**The date since when Subsidiary was acquired**	:	14-Jun-1999
4.	**Reporting period for the Subsidiary concerned, if different from the Holding Company's reporting period**	:	Year ended 31st March (same as the Holding Company)
5.	**Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of Foreign Subsidiaries**	:	Not applicable
			(₹ in lakhs)
6.	**Share capital**	:	4,206.02 (4,20,60,166 Equity Shares of ₹ 10.00 each)
7.	**Reserves & Surplus (including Other Comprehensive Income)**	:	1,262.82
8.	**Total Assets**	:	7,015.83
9.	**Total Liabilities (excluding Total Equity)**	:	1,546.99
10.	**Investments (excluding Investments made in subsidiaries)**	:	3,534.44
11.	**Turnover ***	:	829.95
12.	**Profit before taxation**	:	206.81
13.	**Provision for taxation**	:	7.46
14.	**Profit after taxation**	:	199.35
15.	**Proposed Dividend**	:	–
16.	**% of shareholding**	:	100.00

* Turnover includes Other Income and Other Operating Revenue. Profit figures do not include Other Comprehensive Income.

Notes: 1. Names of Subsidiaries which are yet to commence operations : None

2. Names of Subsidiaries which have been liquidated or sold during the year : None

Part B : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures

	Name of Associates / Joint Ventures	Russell Investments Limited	Divya Management Limited	Antrang Finance Limited	International Travel House Limited	Maharaja Heritage Resorts Limited
1.	**Latest audited Balance Sheet Date**	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023
2.	**Date on which the Associate or Joint Ventures was associated or acquired**	14-Jun-1999	23-Nov-2007	21-Jan-2008	14-Jun-1999	11-Aug-2008
3.	**Shares of Associate / Joint Venture held by the Company on the year end**					
	Number	42,75,435	41,82,915	43,24,634	36,26,633	90,000
	Amount of Investment in Associates / Joint Venture (₹ in lakhs)	427.57	693.08	439.56	2,121.58	90.00
	Extent of Holding %	25.43	33.33	33.33	45.36	25.00
4.	**Description of how there is significant influence**	Associate	Associate	Associate	Associate	Associate
5.	**Reason why the Associate/Joint Venture is not consolidated**	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*
6.	**Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in lakhs)**	3,188.99	663.23	495.84	5,587.21	–#
7.	**Profit / (Loss) for the year (₹ in lakhs)**	330.73	42.14	31.85	2,838.59	50.73
i.	Considered in Consolidation (₹ in lakhs)*	–	–	–	–	–
ii.	Not Considered in Consolidation (₹ in lakhs)*	330.73	42.14	31.85	2,838.59	50.73

* The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements in terms of the Companies (Accounts) Rules, 2014 and ITC Limited, the Holding Company, prepares Consolidated Financial Statements.

Net worth attributable to Shareholding has not been considered in accordance with Ind AS 28 - Investments in Associates and Joint Ventures.

Notes: 1. Names of the Associates or Joint Ventures which are yet to commence operations : None

2. Names of Associates or Joint Ventures which have been liquidated or sold during the year : None

On behalf of the Board

S. DUTTA *Chairman* T. S. M. SHENOY *Director*

A. MARODIA *Chief Financial Officer* N. BAJAJ *Manager & Company Secretary*

Kolkata, 25th April, 2023

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. Your Directors submit their 37th Report for the financial year ended 31st March, 2023.

2. **PERFORMANCE OF THE COMPANY**

During the year, your Company earned revenue of ₹ 595.02 lakhs from its operations, with total income being ₹ 829.95 lakhs. The net profit of the Company for the year was ₹ 199.35 lakhs. The Company continues to provide maintenance services for commercial office buildings, Engineering, Procurement and Construction Management (EPCM) Services and Project Management Consultancy Services.

The financial results of your Company, summarised, are as under:

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
Profits		
a. Profit Before Tax	**206.81**	194.55
b. Less : Tax Expense	**7.46**	15.94
c. Profit After Tax	**199.35**	178.61
d. Add : Other Comprehensive Income	**0.40**	(0.83)
e. Total Comprehensive Income	**199.75**	177.78
Retained Earnings		
a. At the beginning of the year	**1,063.07**	885.29
b. Add : Profit for the year	**199.35**	178.61
c. Add : Other Comprehensive Income	**0.40**	(0.83)
d. At the end of the year	**1,262.82**	1,063.07

3. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) **Changes in Directors**

Mr. Jagdish Singh (DIN: 00042258) was appointed, with your approval, as a Non-Executive Director of the Company with effect from 20th June, 2022.

The Board of Directors of your Company ('the Board') at the meeting held on 13th July, 2022 appointed Mr. Supratim Dutta (DIN: 01804345) as an Additional Director and also as the Chairman of the Company with effect from 22nd July, 2022. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 130 of the Articles of Association of the Company, Mr. Dutta will vacate office at the ensuing Annual General Meeting ('AGM') and is eligible for appointment as a Director of the Company.

The Board at the meeting held on 21st April, 2023 recommended for the approval of the Members, the appointment of Mr. Dutta as a Non-Executive Director of your Company, liable to retire by rotation. Requisite Notice under Section 160 of the Act has been received by the Company for the appointment of Mr. Dutta, who has filed his consent to act as a Director of your Company, if appointed.

Appropriate resolution seeking your approval to the aforesaid appointment is appearing in the Notice convening the ensuing AGM of the Company.

Mr. Rajiv Tandon (DIN: 00042227), consequent to his retirement from the services of ITC Limited, the ultimate Holding Company, stepped down as the Chairman and Non-Executive Director of your Company with effect from 22nd July, 2022. Your Directors place on record their appreciation for the valuable contribution made by Mr. Tandon during his tenure with the Company.

(b) **Changes in Key Managerial Personnel**

During the year, there were no changes in the Key Managerial Personnel of the Company.

(c) **Retirement by Rotation**

In accordance with the provisions of Section 152 of the Act read with the Articles of Association of the Company, Ms. Nidhi Bajaj (DIN: 02171721), Director, will retire by rotation at the ensuing AGM of the Company, and being eligible, offers herself for re-election. Your Board has recommended her re-election.

(d) **Board evaluation**

The Board carried out annual performance evaluation of its own performance and that of the individual Directors, as required under Section 134 of the Act, based on the criteria approved by the Board.

4. **BOARD MEETINGS**

Five meetings of the Board were held during the year ended 31st March, 2023.

5. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts for the financial year ended 31st March, 2023, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

6. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

7. **PARTICULARS OF EMPLOYEES**

The details of top ten employees of the Company in terms of remuneration drawn, as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure 1** to this Report.

The Company seeks to create equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has constituted an Internal Complaints Committee in compliance with the applicable provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint for sexual harassment was received.

8. **RISK MANAGEMENT**

The Company's risk management framework addresses risk intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Auditor of the Company periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be further strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

9. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of internal financial controls. The Board which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations, if any.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes are undertaken to ensure that such systems are reinforced on an ongoing basis.

10. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year ended 31st March, 2023, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

11. **RELATED PARTY TRANSACTIONS**

The details of material related party transactions entered into by the Company during the year ended 31st March, 2023 in the prescribed Form No. AOC-2 are enclosed under **Annexure 2** to this Report.

12. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

13. **COST RECORDS**

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

14. **STATUTORY AUDITORS**

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were appointed as the Auditors of your Company at the 33rd AGM held on 20th June, 2019 to hold such office till the conclusion of the 38th AGM. Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of SRBC for the financial year 2023-24. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

15. **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

16. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

During the year under review, there has been no foreign exchange earnings or outflow.

On behalf of the Board

S. DUTTA *Chairman*
J. SINGH *Director*

Dated: 21st April, 2023

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2023

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Name	Age (Years)	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
M. Seth *	42	Chief Financial Officer	70,45,048/-	44,17,269/-	B. Com (Hons.), A.C.A., CISA, CISM	17	01.01.2015	ITC Limited - Manager (Finance)
A. Bhattacharya	54	Finance Manager	14,17,467/-	11,27,101/-	B. Com, P.G.D.P. (Insurance & Risk Mngt.)	28	01.10.1997	--
L. R. Basa *	29	Manager and Company Secretary	13,39,349/-	11,15,646/-	B.Com (Hons.), A.C.S.	4	01.01.2022	Aditya Birla Fashion and Retail Limited – Senior Executive
A. Kanjilal	50	Senior Security & Fire Officer	13,04,670/-	10,91,968/-	B.A.	31	16.02.2015	IBM India Private Limited - Site Security Leader
S. K. Singh	56	Assistant Manager – Admin	8,93,064/-	6,75,724/-	Madhyamik	26	01.10.1997	--
S. Bhattacharya#	60	Maintenance Superintendent	8,35,077/-	7,68,599/-	B.Sc. (Hons.)	32	16.04.1992	--
G. B. Das	55	Maintenance Superintendent	6,69,829/-	5,82,681/-	Madhyamik	32	01.11.1991	--
S. Chatterjee	42	Maintenance Superintendent	6,65,192/-	6,04,646/-	Madhyamik	19	16.07.2021	Welcome Dealer Private Limited – Executive, TSP Office
B. Barash	42	Project Engineer	6,37,537/-	5,52,355/-	H.S., Diploma in Architecture	18	01.09.2017	Touch Point Consultancy Private Limited - Assistant Project Manager
S. Lama	49	Administrative Assistant	6,28,363/-	5,41,763/-	H.S.	26	01.10.1997	--

** On deputation from ITC Limited, the ultimate Holding Company ('ITC').*
 # Retired on 5th February, 2023.

Notes:

a. Gross remuneration includes salary, variable pay / performance bonus, long-term incentives, allowances, contribution to provident fund and other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less tax deducted at source and employee's own contribution to provident fund.

c. The Chief Financial Officer has been granted Stock Options by ITC under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. Since these Stock Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options and accordingly, the said grant has not been considered as remuneration.

d. All appointments (except deputed employees) are / were contractual in accordance with terms and conditions as per the Company's rules.

e. The aforesaid employees are / were neither relative of any Director / Manager of the Company nor hold any equity share in the Company.

On behalf of the Board

S. DUTTA *Chairman*
J. SINGH *Director*

Dated: 21st April, 2023

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2023

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	**NIL**
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the ultimate Holding Company (ITC)	
b)	Nature of the contracts / arrangements / transactions	Maintenance of ITC Centre, Kolkata and certain other properties owned by ITC.	Purchase of services related to Engineering, Procurement and Construction Management (EPCM).
c)	Duration of the contracts / arrangements / transactions	Maintenance of ITC Centre – 1st August, 2022 to 31st July, 2023 Maintenance of other Properties – 1st April, 2022 to 31st March, 2023	EPCM Master Service Agreement dated 19th August, 2020
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year – ₹ 312.48 lakhs	Value of transaction during the year – ₹ 302.93 lakhs
e)	Date(s) of approval by the Board, if any	22nd January, 2022	15th January, 2020
f)	Amount paid as advances, if any	Nil	Nil

On behalf of the Board

S. DUTTA *Chairman*
J. SINGH *Director*

Dated: 21st April, 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GREENACRE HOLDINGS LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Greenacre Holdings Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 SAs 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1"a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
   (g) In our opinion, the Company has not paid/provided any managerial remuneration to its directors during the year and hence the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company for the year ended March 31, 2023;
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
      iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
      b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
      c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
      v. No dividend has been declared or paid during the year by the Company.
      vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Anant Acharya
Partner
Membership Number: 124790
UDIN: 23124790BGVIKC8504

Place of Signature: Mumbai
Date: April 21, 2023

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Greenacre Holdings Limited ("the Company")

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

B) The Company has not capitalised any intangible assets in the books of the Company and accordingly, the requirement to report on clause 3(i)(a)(B) of the Order is not applicable to the Company.

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, limited liability partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, limited liability partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, limited liability partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c), (d), (e) and (f) of the Order are not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, and other statutory dues applicable to it. Customs duty and excise duty are not applicable to the Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income-tax, customs duty, cess, and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause (ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) and (f) of the Order are not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order are not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with Sections 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to Section 177 of the Act is not applicable to the Company.

(xiv) (a) The Company has implemented internal audit system on a voluntary basis which is commensurate with the size of the Company and the nature of its business though it is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. The requirement to report under clause 3(xiv)(a) of the Order is not applicable to the Company.

(b) The internal audit reports of the Company issued till the date of audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 19(viii) to the Ind AS financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Ind AS financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(a) and (b) of the Order are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Anant Acharya
Partner
Membership Number: 124790
UDIN: 23124790BGVIKC8504

Place of Signature: Mumbai
Date: April 21, 2023

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF GREENACRE HOLDINGS LIMITED

Report on the Internal Financial Control sunder Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Ind AS financial statements of Greenacre Holdings Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls With Reference to these Ind AS Financial Statements

A company's internal financial controls with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Anant Acharya
Partner
Membership Number: 124790
UDIN: 23124790BGVIKC8504

Place of Signature: Mumbai
Date: April 21, 2023

BALANCE SHEET AS AT 31ST MARCH, 2023

	Note		As at 31st March, 2023 (₹ in lakhs)		As at 31st March, 2022 (₹ in lakhs)
ASSETS					
Non-current assets					
(a) Property, plant and equipment	3		1,728.52		1,732.87
(b) Deferred tax assets (Net)	4		5.33		5.93
(c) Financial assets					
(i) Others	5		1,380.00		–
(d) Other non-current assets	6		277.42		271.69
Current assets					
(a) Financial assets					
(i) Investments	7	3,534.44		3,361.18	
(ii) Trade receivables	8	45.50		109.93	
(iii) Cash and cash equivalents	9	7.54		13.83	
(iv) Others	5	17.84	3,605.32	–	3,484.94
(b) Other current assets	6		19.24		23.17
TOTAL ASSETS			**7,015.83**		**5,518.60**
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	10	4,206.02		4,206.02	
(b) Other equity		1,262.82	5,468.84	1,063.07	5,269.09
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
Other financial liabilities	11		25.46		81.27
(b) Provisions	12		20.94		19.36
Current liabilities					
(a) Financial liabilities					
(i) Trade payables					
Total outstanding dues of creditors other than micro enterprises and small enterprises		43.62		118.36	
(ii) Other financial liabilities	11	1,442.82	1,486.44	5.35	123.71
(b) Provisions	12		1.46		2.81
(c) Other current liabilities	13		12.69		22.36
TOTAL EQUITY AND LIABILITIES			**7,015.83**		**5,518.60**

The accompanying notes 1 to 21 are an integral part of the Financial Statements.

In terms of our report attached

For S R B C & CO LLP
Chartered Accountants
Firm Registration Number : 324982E/E300003
Anant Acharya
Partner
Mumbai, April 21, 2023

On behalf of the Board

S. DUTTA *Chairman* J. SINGH *Director*

M. SETH *Chief Financial Officer* L. R. BASA *Manager & Company Secretary*

Kolkata, April 21, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

		Note	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
I	Revenue from operations	14	595.02	639.22
II	Other income	15	234.93	169.40
III	**Total income (I+II)**		**829.95**	**808.62**
IV	**EXPENSES**			
	Maintenance and service expense		332.37	356.59
	Employee benefits expense	16	249.77	219.69
	Depreciation expense		4.35	4.35
	Other expenses	17	36.65	33.44
	Total expenses (IV)		**623.14**	**614.07**
V	**Profit before tax (III - IV)**		**206.81**	**194.55**
VI	**Tax expense:**			
	Current tax	18A	7.00	15.11
	Deferred tax	18A	0.46	0.83
VII	**Profit for the year (V - VI)**		**199.35**	**178.61**
VIII	**Other Comprehensive (Loss) / Income**			
	A (i) Items that will not be reclassified to profit or loss:			
	- Remeasurements of defined benefit plans		0.54	(1.11)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	18B	(0.14)	0.28
	Other Comprehensive (Loss) / Income [A (i)+(ii)]		**0.40**	**(0.83)**
IX	**Total Comprehensive Income for the year (VII+VIII)**		**199.75**	**177.78**
X	Earnings per equity share (Face Value ₹ 10.00 each): - Basic and Diluted (in ₹)		0.47	0.42

The accompanying notes 1 to 21 are an integral part of the Financial Statements.

In terms of our report attached

For S R B C & CO LLP
Chartered Accountants
Firm Registration Number : 324982E/E300003

Anant Acharya
Partner
Mumbai, April 21, 2023

On behalf of the Board

S. DUTTA *Chairman* J. SINGH *Director*

M. SETH *Chief Financial Officer* L. R. BASA *Manager & Company Secretary*

Kolkata, April 21, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

A. Equity Share capital (₹ in lakhs)

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2023	**4,206.02**	**–**	**4,206.02**
For the year ended 31st March, 2022	4,206.02	–	4,206.02

B. Other Equity (₹ in lakhs)

FY 2022-23	Reserves & Surplus	Total
	Retained Earnings	
Balance as at 1st April, 2022	**1,063.07**	**1,063.07**
Profit for the year	199.35	199.35
Other Comprehensive Income (net of tax)	0.40	0.40
Total Comprehensive Income for the year	**199.75**	**199.75**
Balance as at 31st March, 2023	**1,262.82**	**1,262.82**

FY 2021-22	Reserves & Surplus	Total
	Retained Earnings	
Balance as at 1st April, 2021	**885.29**	**885.29**
Profit for the year	178.61	178.61
Other Comprehensive Income (net of tax)	(0.83)	(0.83)
Total Comprehensive Income for the year	**177.78**	**177.78**
Balance as at 31st March, 2022	**1,063.07**	**1,063.07**

Retained Earnings: This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 21 are an integral part of the Financial Statements.

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number : 324982E/E300003

Anant Acharya
Partner
Mumbai, April 21, 2023

On behalf of the Board

S. DUTTA *Chairman* J. SINGH *Director*

M. SETH *Chief Financial Officer* L. R. BASA *Manager & Company Secretary*

Kolkata, April 21, 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	**206.81**	**194.55**
ADJUSTMENTS FOR :		
Depreciation expense	4.35	4.35
Interest Income on Deposits with Bank	(17.84)	–
Net gain arising on investments mandatorily measured at Fair value through profit and loss (FVTPL)	(185.39)	(136.98)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	7.93	61.92
ADJUSTMENTS FOR :		
Other assets	3.94	(20.16)
Other financial liabilities	1,381.66	(0.10)
Trade Payables	(74.74)	103.09
Trade Receivables	64.43	(98.50)
Other current liabilities	(9.67)	17.35
Provisions	0.77	1.04
CASH GENERATED FROM OPERATIONS	1,374.32	64.64
Income tax paid	(12.74)	(13.07)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**1,361.58**	**51.57**
B. Cash Flow from Investing Activities		
Purchase of current investments	(3,591.82)	(183.00)
Sale / redemption of current investments	3,603.95	140.22
Investment in bank deposits (Maturity more than 12 months)	(1,380.00)	–
NET CASH USED IN INVESTING ACTIVITIES	**(1,367.87)**	**(42.78)**
C. Cash Flow from Financing Activities		
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	–	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(6.29)**	**8.79**
OPENING CASH AND CASH EQUIVALENTS	**13.83**	**5.04**
CLOSING CASH AND CASH EQUIVALENTS (Note 9)	**7.54**	**13.83**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".

The accompanying notes 1 to 21 are an integral part of the Financial Statements.

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number : 324982E/E300003

Anant Acharya
Partner

Mumbai, April 21, 2023

On behalf of the Board

S. DUTTA *Chairman* J. SINGH *Director*

M. SETH *Chief Financial Officer* L. R. BASA *Manager & Company Secretary*

Kolkata, April 21, 2023

NOTES TO THE FINANCIAL STATEMENTS

Company Information:

Greenacre Holdings Limited, a wholly owned subsidiary of Russell Credit Limited, is engaged in infrastructure support services which includes property maintenance, providing engineering, procurement & construction management services and project management consultancy services.

1. Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2016.

Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods, if the revision affects both current and future periods.

Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 - Presentation of Financial Statements based on the nature of products or services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight-line basis. Land is not depreciated.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate. The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	5 - 60 years
Plant and Equipment	15 years

Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amounts of assets exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Financial instruments, Financial assets, Financial liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include investments, trade receivables, advances, security deposits, cash and cash equivalents. Such assets are initially recognised at fair value or transaction price, as applicable, when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on their fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Advances, security deposits, cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes.However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are de-recognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Trade payables and other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are de-recognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

Revenue from sale of services

Revenue is measured at the transaction price that the Company receives or expects to receive as consideration for services rendered, net of returns and discounts to customers. Revenue from the sale of services is recognised, net of allowances, if any, when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of services is in the period in which such services are rendered.

Employee Benefits

The Company makes contributions to both defined benefit and defined contribution schemes which are mainly administered through duly constituted and approved Trusts.

Provident Fund contributions are in the nature of defined contribution scheme. In respect of employees who are members of constituted and approved trusts, the Company recognises contribution payable to such trusts as an expense including any shortfall in interest between the amount of interest realised by the investment and the interest payable to members at the rate declared by the Government of India.

The Company also makes contribution to defined benefit gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. This benefit is unfunded.

Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the ultimate Holding Company, to its eligible employees deputed to the Company is recognised at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the ultimate Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight-line basis over the vesting period and cost recognised as an employee benefits expense in the Statement of Profit and Loss with a corresponding credit in equity, net of reimbursements, if any.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognised as an employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Income tax, insofar as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

Dividend Distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

2. Use of Estimates and Judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

I. Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company uses other methods, including third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

II. Useful lives of property, plant and equipment:

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

III. Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	Gross Block							Depreciation and Amortization							Net Book Value	
	As at 31st March, 2021	Additions	Withdrawals and adjustments	As at 31st March, 2022	Additions	Withdrawals and adjustments	As at 31st March, 2023	Upto 31st March, 2021	For the year	On Withdrawals and adjustments	Upto 31st March, 2022	For the year	On Withdrawals and adjustments	Upto 31st March, 2023	As at 31st March, 2023	As at 31st March, 2022
3. Property, plant and equipment																
Land	1,659.17	-	-	1,659.17	-	-	1,659.17	-	-	-	-	-	-	-	1,659.17	1,659.17
Buildings	91.08	-	-	91.08	-	-	91.08	13.03	4.35	-	17.38	4.35	-	21.73	69.35	73.70
Plant and Equipment	0.05	-	-	0.05	-	-	0.05	0.05	-	-	0.05	-	-	0.05	...	...
TOTAL	**1,750.30**	-	-	**1,750.30**	-	-	**1,750.30**	**13.08**	**4.35**	-	**17.43**	**4.35**	-	**21.78**	**1,728.52**	**1,732.87**

The above includes following assets given on operating lease :

Particulars	As at 31st March, 2023				As at 31st March, 2022			
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Buildings (#)	77.24	13.76	63.48	1.72	77.24	12.04	65.20	1.72
TOTAL	**77.24**	**13.76**	**63.48**	**1.72**	**77.24**	**12.04**	**65.20**	**1.72**

(#) The above assets are given on operating lease, which are not non-cancellable, on short term basis and are usually renewable by mutual consent on mutually agreeable terms. The lease rental of ₹ 30.48 lakhs (2022 : ₹ 30.48 lakhs) is included in Lease rental income under Other income (Note 15).

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
4. Deferred tax liabilities / (assets) (Net)		
Deferred tax liabilities	1.52	0.69
Less : Deferred tax assets	6.85	6.62
TOTAL	**(5.33)**	**(5.93)**

Movement in Deferred tax liabilities / assets balances **(₹ in lakhs)**

2022-23	**Opening Balance**	**Recognised in profit or loss**	**Recognised in OCI**	**Closing Balance**
Deferred tax liabilities in relation to :				
Other timing differences: On current investments - FVTPL	0.69	0.83	–	1.52
Total deferred tax liabilities	**0.69**	**0.83**	**–**	**1.52**
On fiscal allowances on property, plant and equipment etc.	0.87	0.36	–	1.23
On employees separation and retirement etc.	5.57	0.19	(0.14)	5.62
Other timing differences	0.18	(0.18)	–	–
Total deferred tax assets	**6.62**	**0.37**	**(0.14)**	**6.85**
Deferred tax liabilities/ (assets) (Net)	**(5.93)**	**0.46**	**0.14**	**(5.33)**

2021-22	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities in relation to :				
Other timing differences: On current investments - FVTPL	0.15	0.54	–	0.69
Total deferred tax liabilities	**0.15**	**0.54**	**–**	**0.69**
On fiscal allowances on property, plant and equipment etc.	0.54	0.33	–	0.87
On employees separation and retirement etc.	5.03	0.26	0.28	5.57
Other timing differences	1.06	(0.88)	–	0.18
Total deferred tax assets	**6.63**	**(0.29)**	**0.28**	**6.62**
Deferred tax liabilities/ (assets) (Net)	**(6.48)**	**0.83**	**(0.28)**	**(5.93)**

The Company has long term capital losses of ₹ 4,759.21 lakhs (2022 : ₹ 4,830.10 lakhs) for which no deferred tax assets have been recognised. These losses are available for set off against capital gains arising in future. These losses will expire in financial year 2023-24.

	As at 31st March, 2023 (₹ in lakhs)		As at 31st March, 2022 (₹ in lakhs)	
	Current	Non-Current	Current	Non-Current
5. Other financial assets				
Bank Deposits with more than 12 months maturity *	–	1,380.00	–	–
Interest accrued on deposits	17.84	–	–	–
TOTAL	**17.84**	**1,380.00**	**–**	**–**

* Represent earmarked deposit with original and remaining maturity of more than 12 months from the Balance Sheet date.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2023 (₹ in lakhs)		As at 31st March, 2022 (₹ in lakhs)	
	Current	Non-Current	Current	Non-Current
6. Other assets				
(A) Capital Advances	–	42.86	–	42.86
(B) Advances other than capital advances				
(i) Security Deposits - Others	–	0.30	–	0.30
(ii) Advance Tax (net of provisions)	–	34.26	–	28.53
(iii) Other Advances				
- Assignable claims [Refer Note 21]	–	200.00	–	200.00
- Other Advances (including advances with statutory authorities, prepaid expenses etc.)	19.24	–	23.17	–
TOTAL	**19.24**	**277.42**	**23.17**	**271.69**

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
7. Current Investments	Unquoted	Unquoted
INVESTMENT IN MUTUAL FUNDS (at fair value through profit or loss)		
Aditya Birla Sun Life Floating Rate Fund 1,97,316 (2022: 2,01,797) units of ₹ 100.00 each	591.13	560.82
Aditya Birla Sun Life Liquid Fund Nil (2022 : 2,102) units of ₹100.00 each	–	7.16
Aditya Birla Sun Life Savings Fund Nil (2022 : 2,78,830) units of ₹ 100.00 each	–	1,241.66
ICICI Prudential Savings Fund 2,16,162 (2022 : 2,24,080) units of ₹100.00 each	999.95	980.83
Kotak Savings Fund Nil (2022 : 12,53,702) units of ₹10.00 each	–	451.71
Nippon India Liquid Fund 237 (2022 : 243) units of ₹ 1000.00 each	12.91	12.57
Bandhan Liquid Fund 784 (2022 : Nil) units of ₹1000.00 each	21.18	–
SBI Magnum Fund 32,624 (2022 : Nil) units of ₹1000.00 each	999.95	–
Axis Liquid Fund 3,517 (2022 : 2,893) units of ₹1000.00 each	87.36	67.99
HDFC Money Market Fund 16,701 (2022 : Nil) units of ₹ 1000.00 each	821.96	–
Kotak Liquid Fund Nil (2022 : 71) units of ₹ 1000.00 each	–	3.03
UTI Liquid - Cash Plan Nil (2022 : 960) units of ₹ 1000.00 each	–	35.41
Aggregate amount of unquoted investments	**3,534.44**	**3,361.18**
TOTAL	**3,534.44**	**3,361.18**

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
8. Trade receivables		
Unsecured, considered good	45.50	109.93
TOTAL	**45.50**	**109.93**

(₹ in lakhs)

As at 31 March, 2023	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	45.50	–	–	–	–	–	45.50
TOTAL	**45.50**	–	–	–	–	–	**45.50**

(₹ in lakhs)

As at 31 March, 2022	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	81.80	28.13	–	–	–	–	109.93
TOTAL	**81.80**	**28.13**	–	–	–	–	**109.93**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
9. Cash and cash equivalents@		
Balances with Banks		
Current accounts	7.34	13.79
Cash on hand	0.20	0.04
TOTAL	**7.54**	**13.83**

@ Cash and cash equivalents include cash on hand, cash at bank and deposits with bank with original maturity of 3 months or less, as applicable.

	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in lakhs)
10. Equity Share capital				
Authorised				
Equity Shares of ₹ 10.00 each	5,00,00,000	5000.00	5,00,00,000	5000.00
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	4,20,60,166	4,206.02	4,20,60,166	4,206.02
A) Reconciliation of number of Equity Shares outstanding				
As at beginning and at the end of the year	4,20,60,166	4,206.02	4,20,60,166	4,206.02
As at end of the year	**4,20,60,166**	**4,206.02**	4,20,60,166	4,206.02

B) Shareholders holding more than 5% of the Equity Shares in the Company

	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 (%)	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (%)
Russell Credit Limited - the Holding Company	**4,20,60,166**	**100.00**	4,20,60,166	100.00

C) Rights, preferences and restrictions attached to the Equity Shares

The Equity Shares of the Company, having par value of ₹ 10.00 per share, rank *pari passu* in all respects including voting rights and entitlement to dividend.

D) Shares held by promoters :

	Promoter Name	As at 31st March, 2023			As at 31st March, 2022		
		No. of shares as at end of the year	% of Total Shares	% change during the year	No. of shares as at end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 10.00 each, fully paid	Russell Credit Limited	**4,20,60,166**	**100.00**	–	4,20,60,166	100.00	–

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
11. Other financial liabilities		
Non-current		
Other liabilities (includes deposits from ITC Limited, the ultimate Holding Company)	24.00	80.11
Other payables [payable to ITC Limited, the ultimate Holding Company]	1.46	1.16
TOTAL	**25.46**	**81.27**
Current		
Other liabilities	56.11	–
Other payables (includes payable to ITC Limited, the ultimate Holding Company)	6.71	5.35
Others	1,380.00	–
TOTAL	**1,442.82**	**5.35**

	As at 31st March, 2023 (₹ in lakhs)		As at 31st March, 2022 (₹ in lakhs)	
	Current	Non-Current	Current	Non-Current
12. Provisions				
Provision for employee benefits				
Retirement benefits	0.75	–	0.50	–
Other benefits	0.71	20.94	2.31	19.36
TOTAL	**1.46**	**20.94**	**2.81**	**19.36**

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
13. Other liabilities		
Current		
Statutory liabilities	1.30	11.43
Progress payments and advances received	11.39	10.93
TOTAL	**12.69**	**22.36**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
14. Revenue from operations		
Sale of Services	595.02	639.22
TOTAL	**595.02**	**639.22**
Revenue from Sale of Services comprises revenue from:		
a) Property Maintenance	312.48	305.68
b) Engineering, Procurement and Construction Management Services & Project Management Consultancy Services	282.54	333.54
TOTAL	**595.02**	**639.22**

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
15. Other income		
Interest income	19.06	1.94
Lease rental income	30.48	30.48
Other gains and losses	185.39	136.98
TOTAL	**234.93**	**169.40**
Interest income comprises interest from:		
a) Deposits with banks - carried at amortised cost	17.84	–
b) Others (from statutory authorities)	1.22	1.94
TOTAL	**19.06**	**1.94**
Other gains and losses: Net gain arising on financial assets (current investments) mandatorily measured at FVTPL*	185.39	136.98
TOTAL	**185.39**	**136.98**

* Includes ₹ 180.22 lakhs (March 2022 : ₹ 1.20 lakhs) being net gain on sale of investments.

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
16. Employee benefits expense		
Salaries and wages	143.49	137.20
Remuneration of manager's salary on deputation *	84.33	63.75
Contribution to Provident and other funds	13.96	12.42
Staff welfare expenses	7.99	6.32
TOTAL	**249.77**	**219.69**

* Includes reimbursement on account of share based payments as under :
- Employee Stock Appreciation Linked Reward (ESAR) Plan : ₹ 7.08 lakhs [2022 : (₹ 0.69 lakh)] [Refer Note 19 (v)]

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
17. Other expenses		
Rates and taxes	2.01	0.89
Insurance	3.72	3.05
Bank charges	2.48	0.03
Travelling and conveyance	0.07	0.01
Consultancy / Professional fees	21.16	26.50
Telephone expenses	0.05	0.10
Miscellaneous expenses	7.16	2.86
TOTAL	**36.65**	**33.44**
Miscellaneous expenses include :		
Auditors' remuneration and expenses *		
Audit fees	1.65	1.65
Tax audit fees	0.50	0.50
Fees for other services	0.20	0.20
* Excluding taxes.		

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
18. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	7.00	13.00
Adjustments / (credits) related to previous years - Net	–	2.11
Total current tax	**7.00**	**15.11**
Deferred tax		
Deferred tax for the year	0.46	0.83
Total deferred tax	**0.46**	**0.83**
TOTAL	**7.46**	**15.94**
B. Amount recognised in other comprehensive income		
The tax (charge) / credit arising on income and expenses recognised in other comprehensive income is as follows:		
Deferred tax		
On items that will not be reclassified to profit or loss		
- Remeasurement of defined benefit plans	(0.14)	0.28
TOTAL	**(0.14)**	**0.28**

C. Reconciliation of effective tax rate

The Income tax expense for the year can be reconciled to the accounting profit as follows:

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
Profit before tax	**206.81**	194.55
Income tax expense calculated @ 25.168%	52.05	48.96
Effect of tax relating to uncertain tax positions	1.78	0.17
Effect of different tax rates on certain items#	(44.59)	(33.51)
Other differences	(1.78)	(1.79)
Total	**7.46**	**13.83**
Adjustments recognised in the current year in relation to the current tax of prior years	–	2.11
Income tax recognised in profit or loss	**7.46**	**15.94**

includes the benefit of previously unrecognised tax losses to reduce current and deferred tax expense.

The tax rate used for the above reconciliations is the corporate tax rate of 25.168% (22% + surcharge @ 10% + cess @ 4%) payable on taxable profits under the Income-tax Act, 1961.

19. Additional Notes to the Financial Statements

(i) Earnings per share:

		2023	2022
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in lakhs)	**199.35**	178.61
(b)	Weighted average number of Equity Shares outstanding for the purpose of basic earnings per share	**4,20,60,166**	4,20,60,166
(c)	Earnings per share on profit for the year (Face Value ₹ 10.00 per share) (in ₹) - Basic and Diluted [(a)/(b)]	**0.47**	0.42

(ii) Defined Benefit Plans/Long Term Compensated Absences:

Description of Plans

The Company makes contributions to both Defined Benefit (Gratuity) and Defined Contribution Plans (Provident Fund) for qualifying employees. The Defined Contribution Plan is administered through approved Trust, which operate in accordance with the Trust Deed, Rules and applicable Statutes. The Company contributes for gratuity to Life Insurance Corporation of India. The concerned Trust is managed by Trustees, who provide strategic guidance with regard to the management of their investments and liabilities and also periodically review their performance.

Provident Fund and Gratuity Benefits are funded and Leave Encashment Benefit is unfunded in nature. Under the Provident Fund, Gratuity and Leave Encashment Schemes, employees are entitled to receive lump sum benefits.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method at the year end. The Company makes regular contributions to Employee Benefit Contribution Plan.

Risk Management

The Defined Benefit Plans expose the Company to risk of actuarial deficit arising out of investment risk, interest rate risk and salary cost inflation risk.

Investment Risk: This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. The Company makes contribution to Life Insurance Corporation of India (LIC) and due to its diverse portfolio, the risk is expected to be diversified.

Interest Rate Risk: The present value of Defined Benefit Plans liability is determined using the discount rate based on the market yields prevailing at the end of reporting period on Government bonds. A decrease in yields will increase the fund liabilities and vice-versa.

Salary Cost Inflation Risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

The Trustees regularly monitor the funding and investments of these Plans. Risk mitigation systems are in place to ensure that the health of the portfolio is regularly reviewed and investments do not pose significant risk of impairment. Periodic audits are conducted to ensure adequacy of internal controls.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
			Funded	**Unfunded**	Funded	Unfunded
I	**Components of Employer Expense**					
	- Recognised in the Statement of Profit and Loss					
	1	Current Service Cost	2.43	1.19	2.15	1.06
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	(0.04)	1.38	(0.05)	1.22
	4	**Total expense recognised in the Statement of Profit and Loss**	**2.39**	**2.57**	**2.10**	**2.28**
	- Re-measurements recognised in Other Comprehensive Income					
	5	Return on plan assets (excluding amounts included in Net interest cost)	(0.27)	–	(0.10)	–
	6	Effect of changes in demographic assumptions	–	–	–	–
	7	Effect of changes in financial assumptions	(1.29)	(0.87)	(0.89)	(0.54)
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–
	9	Effect of experience adjustments	1.52	0.37	1.60	1.04
	10	**Total re-measurements included in Other Comprehensive Income [(Gain)/Loss]**	**(0.04)**	**(0.50)**	**0.61**	**0.50**
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income [(Gain)/Loss] (4+10)**	**2.35**	**2.07**	**2.71**	**2.78**

The current service cost and net interest cost for the year pertaining to Gratuity expenses have been recognised in "Contribution to Provident and other funds" and Leave Encashment in "Salaries and wages" under Note 16. The re-measurements of the net defined benefit liability are included in Other Comprehensive Income.

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
			Funded	**Unfunded**	Funded	Unfunded
II	**Actual Returns**		**2.72**	–	2.24	–
III	**Net Asset / (Liability) recognised in Balance Sheet**					
	1	Present Value of Defined Benefit Obligation	38.38	21.65	37.99	21.67
	2	Fair Value of Plan Assets	37.63	–	37.49	–
	3	Status [Surplus/(Deficit)]	(0.75)	(21.65)	(0.50)	(21.67)
	4	Restrictions on Asset Recognised	–	–	–	–
			As at 31st March, 2023 (₹ in lakhs)		As at 31st March, 2022 (₹ in lakhs)	
			Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
			Funded	**Unfunded**	Funded	Unfunded
	5	**Net Asset/(Liability) recognised in Balance Sheet**				
		- Current	(0.75)	(0.71)	(0.50)	(2.31)
		- Non-current	–	(20.94)	–	(19.36)

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
			Funded	**Unfunded**	Funded	Unfunded
IV	**Change in Defined Benefit Obligation (DBO)**					
	1	Present Value of DBO at the beginning of the year	37.99	21.67	33.85	19.51
	2	Current Service Cost	2.43	1.18	2.15	1.06
	3	Interest Cost	2.41	1.38	2.09	1.22
	4	Re-measurement (Gains) / Losses:				
		a. Effect of changes in demographic assumptions	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
		b. Effect of changes in financial assumptions	(1.29)	(0.87)	(0.89)	(0.54)
		c. Changes in asset ceiling (excluding interest income)	–	–	–	–
		d. Effect of experience adjustments	1.52	0.37	1.60	1.04
	5	Curtailment Cost / (Credits)	–	–	–	–
	6	Settlement Cost / (Credits)	–	–	–	–
	7	Liabilities assumed in business combination	–	–	–	–
	8	Exchange difference on foreign plans	–	–	–	–
	9	Benefits Paid	(4.68)	(2.08)	(0.81)	(0.62)
	10	**Present Value of DBO at the end of the year**	**38.38**	**21.65**	**37.99**	**21.67**

V	**Best Estimate of Employers' Expected Contribution for the next year**	**As at 31st March, 2023 (₹ in lakhs)**	As at 31st March, 2022 (₹ in lakhs)
	- Gratuity	**2.39**	2.07
	- Leave Encashment	–	–

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
VI	**Change in Fair Value of Assets**					
	1	Plan Assets at the beginning of the year	37.49	–	33.34	–
	2	Asset acquired in Business Combination	–	–	-	–
	3	Expected Return on Plan Assets	2.45	–	2.14	–
	4	Re-measurement Gains/(Losses) on plan assets	0.27	–	0.10	–
	5	Actual Company Contributions	2.10	–	2.72	–
	6	Benefits Paid	(4.68)	–	(0.81)	–
	7	**Plan Assets at the end of the year**	**37.63**	–	**37.49**	–

			As at 31st March, 2023	As at 31st March, 2022
			Discount Rate (%)	Discount Rate (%)
VII	**Actuarial Assumptions**			
	1	Gratuity	**7.50**	6.75
	2	Leave Encashment	**7.50**	6.75

VIII	**Major Category of Plan Assets as a % of the Total Plan Assets**		**As at 31st March, 2023**	As at 31st March, 2022
	1	Government Securities / Special Deposit with RBI	–	–
	2	High Quality Corporate Bonds	–	–
	3	Insurer Managed Funds*	**100%**	100%
	4	Mutual Funds	–	–
	5	Cash and Cash Equivalents	–	–
	6	Term Deposits	–	–

* In the absence of detailed information regarding plan assets which is funded with Insurance Company, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

The employee benefit plans do not hold any securities issued by the Company.

IX Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on expectation of the average long term rate of return expected to prevail over the estimated term of the obligation on the type of the investments assumed to be held by the Life Insurance Corporation of India (LIC), since the fund is managed by LIC.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
X	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)					
	1	Present Value of Defined Benefit Obligation	38.38	21.65	37.99	21.67
	2	Fair Value of Plan Assets	37.63	–	37.49	–
	3	Status [Surplus/(Deficit)]	(0.75)	(21.65)	(0.50)	(21.67)
	4	Experience Adjustment of Plan Assets [Gain/(Loss)]	0.27	–	0.10	–
	5	Experience Adjustment of obligation [(Gain)/ Loss]	1.52	0.37	1.60	1.04

XI. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation (DBO) presented above. There was no change in the methods and assumptions used in the preparation of sensitivity analysis from previous year.

(₹ in lakhs)

		DBO as at 31st March, 2023		DBO as at 31st March, 2022	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Discount Rate + 100 basis points	36.57	20.39	36.14	20.47
2	Discount Rate - 100 basis points	40.40	23.06	40.05	23.01
3	Salary Increase Rate + 1%	40.43	23.09	40.07	23.02
4	Salary Increase Rate - 1%	36.51	20.35	36.09	20.44

Maturity Analysis of the Benefit Payments (₹ in lakhs)

		DBO as at 31st March, 2023		DBO as at 31st March, 2022	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Year 1	3.84	0.74	4.97	2.38
2	Year 2	0.80	0.48	3.70	1.76
3	Year 3	10.25	6.34	0.76	0.44
4	Year 4	5.70	1.43	9.71	5.08
5	Year 5	8.99	4.42	5.53	2.39
6	Next 5 Years	29.81	18.51	28.81	16.46

Amount towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 16: ₹ 11.57 Lakhs (2022: ₹ 10.32 Lakhs).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(iii) Micro, Small and Medium enterprises:

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2023. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(iv) Segment Reporting:

The Company operates in a single business segment, namely infrastructure support services and in a single geographical segment in India. The entity-wide disclosures are as under:

(₹ in in lakhs)

	2023	2022
Non-current assets (In India)	3,385.94	2,004.56

The Company has three (2022: two) major customers from whom it generates revenue of ₹ 312.48 Lakhs (2022: ₹ 305.68 Lakhs) and ₹ 282.54 Lakhs (2022: ₹ 333.54 Lakhs) respectively.
The Operating segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors, which is the Chief Operating Decision-Maker.

(v) Related Party Disclosures:

(a) RELATIONSHIP:

i) Ultimate Holding Company:

– ITC Limited

ii) Holding Company:

– Russell Credit Limited

iii) Other related parties with whom the Company had transactions:

Associate of the Holding Company with whom the Company had transactions during the year:

– International Travel House Limited

iv) Key Management Personnel (KMP):

– Mr. R. Tandon	Chairman & Non-Executive Director (upto 21.07.2022)
– Mr. S. Dutta	Chairman & Additional Non-Executive Director (w.e.f. 22.07.2022)
– Mr. J. Singh	Non-Executive Director
– Ms. N. Bajaj	Non-Executive Director
– Mr. M. Seth	Chief Financial Officer
– Mr. L. R. Basa	Manager & Company Secretary

v) Employee Trusts where there is significant influence:

– Greenacre Holdings Limited Provident Fund
– Greenacre Holdings Limited Gratuity Fund

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(b) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES FOR THE YEAR AND THE STATUS OF OUTSTANDING BALANCES AS AT THE YEAR END

(₹ in lakhs)

RELATED PARTY TRANSACTION SUMMARY		Ultimate Holding Company		Holding Company		Associate of Holding Company		Key Management Personnel		Employee Trusts		Total	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
1.	Rent Received	**17.28**	17.28	-	-	**15.58**	15.58	-	-	-	-	**32.86**	32.86
2.	Purchase of Services	**302.93**	358.43	-	-	-	-	-	-	-	-	**302.93**	358.43
3.	Sale of Services	**368.73**	360.70	-	-	-	-	-	-	-	-	**368.73**	360.70
4.	Expenses Recovered	**1.36**	0.53	-	-	-	-	-	-	-	-	**1.36**	0.53
5.	Remuneration of managers on deputation												
	- for Chief Financial Officer (CFO)	**64.06**	58.70	-	-	-	-	-	-	-	-	**64.06**	58.70
	- for Manager & Company Secretary :												
	i) Ms. S. Rampuria (18/10/21-30/11/21)	–	1.66	-	-	-	-	-	-	-	-	–	1.66
	ii) Mr. L. R. Basa (from 01/01/22)	**13.18**	2.70	-	-	-	-	-	-	-	-	**13.18**	2.70
6.	Remuneration on account of share based payment for manager on deputation (For CFO)	**7.08**	0.69	-	-	-	-	-	-	-	-	**7.08**	0.69
7.	Expenses Reimbursed	**0.74**	0.81	-	-	-	-	-	-	-	-	**0.74**	0.81
8.	Contribution to Greenacre Holdings Limited Provident Fund	-	-	-	-	-	-	-	-	**11.57**	10.32	**11.57**	10.32
9.	Contribution to Greenacre Holdings Limited Gratuity Fund	-	-	-	-	-	-	-	-	**2.39**	2.10	**2.39**	2.10
10.	Remuneration to Key Management Personnel (Manager & Company Secretary)												
	Mr. P. Kumar (upto 30/09/21)												
	- Short Term Benefits	–	–	–	–	–	–	–	8.42	–	–	–	8.42
	- Other Benefits	–	–	–	–	–	–	–	0.62	–	–	–	0.62
11.	**Balances as at 31st March**												
	i) Rental Security Deposits	**24.00**	24.00	-	-	**56.11**	56.11	-	-	-	-	**80.11**	80.11
	ii) Payables	**49.30**	112.73	-	-	-	-	-	-	-	-	**49.30**	112.73

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The Chief Financial Officer of the Company, who is on deputation from ITC Limited (ITC), the ultimate Holding Company, has been granted Stock Options and Employee Stock Appreciation Linked Reward Units (ESAR Units) by ITC in previous year(s) under the ITC Employee Stock Option Schemes (ITC ESOS) and under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan).

The cost of stock options granted under ITC ESOS / ESAR units granted under ITC ESAR Plan have been recognised as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of the aforesaid arrangement, the Company has accounted for the cost of the fair value of Stock Options / ESAR Units granted to the deputed employee on-charge by ITC. Accordingly, an amount of ₹ 7.08 lakhs (2022: ₹ 0.69 lakh) towards ESAR Units have been recognised as employee benefits expense (Refer Note 16) and the liability on account of ESAR Units is of ₹ 5.69 lakhs (2022: ₹ 1.69 lakhs) presented under Note 11 of the financial statements.

The summary of movement of such options granted by ITC and status of the outstanding options is as under :

Particulars	As at 31st March, 2023	As at 31st March, 2022
	No. of Options	No. of Options
Outstanding at the beginning of the year	7,838	8,875
Add: Granted during the year	-	-
Less: Lapsed during the year	-	1,037
Options forfeited / surrendered during the year	-	-
Less: Exercised during the year	2,630	-
Outstanding at the end of the year	5,208	7,838
Options exercisable at the end of the year	5,208	7,838

Note: The weighted average exercise price of the options granted to all Optionees under the ITC ESOS is computed by ITC as a whole.

Since the above-mentioned Stock Options / ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units.

(vi) Previous Year's figures have been regrouped / re-classified, where necessary to correspond with the current year's classification / disclosure.

(vii) Leases :

As a lessor

The Company has leased out certain buildings under operating lease for lease terms upto 2 years. Lease payments are structured with periodic escalations consistent with the prevailing market conditions. There are no variable lease payments that do not depend on an index or rate. Rental income recognised from the leases during the year is ₹ 30.48 lakhs (2022: ₹ 30.48 lakhs).

The undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows:

(₹ in lakhs)

	2023	2022
Term	Lease Payments	Lease Payments
Within 1 year	19.48	19.48
Between 1-5 years	–	–
Later than 5 years	–	–

(viii) Financial Ratios

Particulars	Numerator	Denominator	31st March 2023	31st March 2022
Current ratio (in times)[1]	Current Assets	Current Liabilities	2.42	23.56
Trade Receivables turnover (in times)[2]	Revenue from operations	Average Trade Receivables	7.66	10.53
Trade payables turnover (in times)	Maintenance and service expense	Average Trade Payables	4.10	5.34
Net capital turnover (in times)[3]	Revenue from operations	Working Capital (Current Assets – Current Liabilities)	0.28	0.19
Return on Equity (in %)	Profit after Tax (PAT)	Average Shareholder's Equity	3.71	3.45
Net Profit (in %)	Profit after Tax (PAT)	Revenue from operations	33.50	27.94
Return on Capital employed (in %)	Profit before Interest & Taxes (PBIT)	Average Capital Employed	3.85	3.76
Return on investment (in %)	Income from Investment	Time Weighted Average Investments	5.50	4.26

Note: As the Company is Debt-free, the Debt-Equity Ratio and Debt Service Coverage Ratio are not applicable. Similarly, Inventory-Turnover Ratio is not applicable to the Company's operations.

[1]Current ratio as at 31st March, 2023 is lower due to higher current liabilities as at 31st March, 2023. The said increase in current liabilities is due to receipt of ₹ 1380.00 lakhs towards acquired assignable claims pending final resolution of the matter, which is sub-judice. Corresponding asset against such amount is reflected under 'Non – Current other financial assets' (Refer Notes 5, 11 and 21)

[2]Average trade receivables for FY 2022-23 are higher than those for FY 2021-22, as the Company continues to stabilise its EPCM business.

[3]Net capital turnover has improved due to lower working capital pursuant to the recognition of current liability amounting to ₹ 1380.00 lakhs (2022: Nil) towards acquired assignable claims (Refer Notes 5, 11 and 20).

(ix) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

- Ind AS 1 'Presentation of Financial Statements' - This amendment requires companies to disclose their material accounting policies rather than their significant accounting policies.

- Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments clarify how companies account for deferred tax on transactions such as leases.
- Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – This amendment has introduced a definition of 'accounting estimates' and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. Based on a preliminary evaluation, the Company does not expect any material impact on the financial statements resulting from the implementation of these amendments

(x) Trade Payables ageing schedule

(₹ in lakhs)

	Not Due	Unbilled Payables	Outstanding for following periods from due date of payment as at 31st March, 2023				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	–	–	–	–	–	–	–
Others	43.62	–	–	–	–	–	43.62
Disputed Dues – MSME	–	–	–	–	–	–	–
Disputed Dues – Others	–	–	–	–	–	–	–
Total	**43.62**	–	–	–	–	–	**43.62**

(₹ in lakhs)

	Not Due	Unbilled Payables	Outstanding for following periods from due date of payment as at 31st March, 2022				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-	-
Others	90.14	-	28.22	-	-	-	118.36
Disputed Dues – MSME	-	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-	-
Total	**90.14**	-	**28.22**	-	-	-	**118.36**

20. Financial Instruments and Related Disclosures

1. Capital Management

The Company funds its operations mainly through internal accruals and does not have any borrowings. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

2. Categories of Financial Instruments

(₹ in lakhs)

Particulars	Note	As at 31st March, 2023		As at 31st March, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Trade receivables	8	45.50	45.50	109.93	109.93
ii) Cash and cash equivalents	9	7.54	7.54	13.83	13.83
iii) Others	5	1,397.84	1,397.84	–	–
Sub - total		**1,450.88**	**1,450.88**	**123.76**	**123.76**
b) Measured at fair value through profit or loss					
i) Investment in mutual funds	7	3,534.44	3,534.44	3,361.18	3,361.18
Sub - total		**3,534.44**	**3,534.44**	**3,361.18**	**3,361.18**
Total financial assets		**4,985.32**	**4,985.32**	**3,484.94**	**3,484.94**
B. Financial liabilities					
a) Measured at amortised cost					
i) Trade payables		43.62	43.62	118.36	118.36
ii) Other financial liabilities	11	1,468.28	1,468.28	86.62	86.62
Total financial liabilities		**1,511.90**	**1,511.90**	**204.98**	**204.98**

C. Financial risk management objectives

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

Market Risks

As the Company is debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial liabilities is negligible. Investments are made in debt instruments, within approved policies and procedures guided by the tenets of liquidity, safety and returns. This ensures that investments are only made within acceptable risk parameters.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The Company's investments are predominantly held in debt mutual funds etc. The Company invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risk that arises mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant. Fixed deposit is held with highly rated bank and is not subject to interest rate volatility.

Liquidity Risk

The Company's Current assets aggregate ₹3,624.56 lakhs (2022: ₹ 3,508.11 lakhs) including Current investments, Trade receivables, Cash and cash equivalents & Others of ₹ 3,605.32 lakhs (2022: ₹ 3,484.94 lakhs) against an aggregate Current liability of ₹ 1,500.59 lakhs (2022: ₹ 148.88 lakhs); Non-current liabilities due between one year to three years amount to ₹ 25.46 lakhs (2022: ₹ 81.27 lakhs) on the reporting date.

In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due, does not exist.

Credit Risk

The risk management framework of the Company is designed to bring robustness to the risk management processes within the Company. With respect to the Company's investing activities, counter parties are shortlisted and exposure limits determined on the basis of their credit rating, financial statements and other relevant information. The counter party risk is considered insignificant.

Concentrations of credit risk with respect to trade receivables are limited as the Company's major customer is its ultimate Holding Company. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. Based on the assessment of financial assets, no loss provision is considered necessary.

D. Fair value measurement

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market or Net Asset Value (NAV) for identical assets or liabilities.

Level 2: Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The fair value of financial liabilities, where applicable, is determined using market observable inputs such as quotes from market participants, value published by the issuer etc.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted methodologies such as discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other Current financial assets and liabilities, where applicable, is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. The sensitivity of change in the unobservable inputs used in fair valuation of Level 3 financial assets and liabilities does not have a significant impact on their value. There were no transfers between Level 1, Level 2 and Level 3 during the year.

The following table presents the fair value hierarchy of assets measured at fair value:

(₹ in lakhs)

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31st March, 2023	As at 31st March, 2022
A. Financial assets			
Measured at fair value through profit or loss Investment in mutual funds	1	**3,534.44**	3,361.18

21. During the year 1999-2000, erstwhile Classic Infrastructure & Development Limited (CIDL) [since amalgamated with the Company] acquired assignable claims amounting to ₹ 920.59 lakhs together with any interest that may accrue on the said amount till the date of actual repayment, at an agreed consideration of ₹ 200.00 lakhs. This amount is included in "Other non-current assets" under Note 6.

The Company has received an amount of ₹ 1380.00 lakhs (2022: Nil), that has been released by the Hon'ble High Court of Karnataka against submission of bank guarantee by the Company. The amount was deposited by the defendants with the Hon'ble High Court as per the interim order towards their appeal. As the matter is sub-judice, the said amount is reflected under current liabilities (refer Note 11) and a concomitant earmarked balance under non – current other financial assets (refer note 5) in the Balance Sheet.

On behalf of the Board

S. DUTTA *Chairman* J. SINGH *Director*

M. SETH *Chief Financial Officer* L. R. BASA *Manager & Company Secretary*

Kolkata, April 21, 2023

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. Your Directors submit their 89th Report for the financial year ended 31st March, 2023.

2. **COMPANY PERFORMANCE**

   Your Company earned a total income of ₹ 1,996.67 lakhs during the year under review. The Company remains committed to its growth strategy through its joint venture interest in ITC Essentra Limited and continues to explore newer growth opportunities. The temporary surplus funds of the Company, in the meantime, have been deployed in bank fixed deposits and debt mutual funds.

   The financial results of your Company, summarised, are as under:

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
Profits		
a. Profit Before Tax	**1,858.33**	1,615.63
b. Less : Tax Expense	**16.40**	7.71
c. Profit After Tax	**1,841.93**	1,607.92
d. Add : Other Comprehensive Income	**–**	–
e. Total Comprehensive Income	**1,841.93**	1,607.92
Retained Earnings		
a. At the beginning of the year	**1,331.55**	1,323.47
b. Add : Profit for the year	**1,841.93**	1,607.92
c. Add : Other Comprehensive Income	**–**	–
d. Less : Interim Dividend paid	**1,807.82**	1,599.84
e. At the end of the year	**1,365.66**	1,331.55

3. **DIVIDEND**

   During the year under review, Interim Dividend of ₹ 11.30 per Equity Share was declared by your Directors on 28th March, 2023. Such Dividend was paid to the Members whose names appeared in the Register of Members of the Company on the aforesaid date. The said Interim Dividend aggregating ₹ 1,807.82 lakhs has been confirmed by your Directors as the Final Dividend for the financial year ended 31st March, 2023.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

   (a) **Changes in Directors**

   Messrs. Trasi Sadashiva Madhava Shenoy (DIN: 09476476) and Jagdish Singh (DIN: 00042258) were appointed, with your approval, as Non-Executive Directors of the Company with effect from 20th June, 2022.

   The Board of Directors of your Company ('the Board') at the meeting held on 13th July, 2022 appointed Mr. Supratim Dutta (DIN: 01804345) as an Additional Director and also as the Chairman of the Company with effect from 22nd July, 2022. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 97 of the Articles of Association of the Company, Mr. Dutta will vacate office at the ensuing Annual General Meeting ('AGM') and is eligible for appointment as a Director of the Company.

   The Board at the meeting held on 21st April, 2023 recommended for the approval of the Members, the appointment of Mr. Dutta as a Non-Executive Director of your Company, liable to retire by rotation. Requisite Notice under Section 160 of the Act has been received by the Company for the appointment of Mr. Dutta, who has filed his consent to act as a Director of your Company, if appointed.

   Appropriate resolution seeking your approval to the aforesaid appointment is appearing in the Notice convening the ensuing AGM of the Company.

   Mr. Rajiv Tandon (DIN: 00042227), consequent to his retirement from the services of ITC Limited, the Holding Company, stepped down as the Chairman and Non-Executive Director of your Company with effect from 22nd July, 2022. Your Directors place on record their appreciation for the valuable contribution made by Mr. Tandon during his tenure with the Company.

   (b) **Changes in Key Managerial Personnel**

   During the year, there were no changes in the Key Managerial Personnel of the Company.

   (c) **Retirement by Rotation**

   In accordance with the provisions of Section 152 of the Act read with the Articles of Association of the Company, Ms. Nidhi Bajaj (DIN: 02171721), Director, will retire by rotation at the ensuing AGM of the Company, and being eligible, offers herself for re-election. Your Board has recommended her re-election.

5. **BOARD MEETINGS**

   Six meetings of the Board were held during the year ended 31st March, 2023.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

   As required under Section 134 of the Act, your Directors confirm having:

   i) followed in the preparation of the Annual Accounts for the financial year ended 31st March, 2023, the applicable Accounting Standards with proper explanation relating to material departures, if any;

   ii) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

   iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

   iv) prepared the Annual Accounts on a going concern basis; and

   v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

7. **ASSOCIATE AND JOINT VENTURE**

   The statement in Form AOC-1 containing the salient features of the financial statements of ATC Limited, associate company, and ITC Essentra Limited, joint venture company, is attached to the Financial Statements of the Company.

   The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements. However, brief details of the performance and financial position of the Company's associate and joint venture are given below:

Name of Associate / Joint Venture Company	Total Revenue / Income		Profit After Tax	
	FY 2022-23 (₹ in lakhs)	FY 2021-22 (₹ in lakhs)	**FY 2022-23 (₹ in lakhs)**	FY 2021-22 (₹ in lakhs)
ATC Limited (associate company)	**3,094.74**	2,710.79	**126.16**	35.39
ITC Essentra Limited (joint venture company)	**55,080.73**	38,883.89	**6,476.84**	4,108.95

8. **PARTICULARS OF EMPLOYEES**

   The details of employees of the Company, as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including details of employee(s) who had drawn remuneration more than the limit specified in the said Rule, are provided in the **Annexure** to this Report.

   The Company seeks to create equal opportunities for men and women and is committed to a gender-friendly workplace. During the year, no complaint for sexual harassment was received. However, the Company is not required to constitute Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

9. **RISK MANAGEMENT**

   The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Auditor of the Company periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be further strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

10. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Board which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations, if any.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes are undertaken to ensure that such systems are reinforced on an ongoing basis.

11. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year ended 31st March, 2023, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. **RELATED PARTY TRANSACTIONS**

During the year ended 31st March, 2023, the Company has neither entered into any contract or arrangement with its related parties which is not at arm's length nor has the Company entered into any material contract or arrangement with them, in terms of Section 188 of the Act. Accordingly, the disclosure of Related Party Transactions, as required in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form No. AOC-2, is not applicable for this year.

13. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

14. **COST RECORDS**

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

15. **STATUTORY AUDITORS**

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were appointed as the Auditors of your Company at the 85th AGM held on 20th June, 2019 to hold such office till the conclusion of the 90th AGM. Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of SRBC for the financial year 2023-24. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

16. **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

17. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

During the year under review, there has been no foreign exchange earnings or outflow.

On behalf of the Board

S. DUTTA *Chairman*

Dated : 21st April, 2023 T.S.M. SHENOY *Director*

Annexure to the Report of the Board of Directors for the financial year ended 31st March, 2023

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Name	Age (Years)	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
V. Luharuka*	38	Chief Financial Officer	1,14,70,020/-	64,78,655/-	B. Com (Hons.), A.C.A.	15	01.01.2015	ITC Limited – Manager (Finance)
P. Kumar*	32	Manager and Company Secretary	18,99,652/-	14,01,607/-	B. Com (Hons.), A.C.S.	8	01.10.2021	ITC Limited - Manager (Secretarial)

** On deputation from ITC Limited, the Holding Company ('ITC').*

Notes:

1. Gross Remuneration includes salary, variable pay / performance bonus, long-term incentives, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.
2. Net Remuneration comprises cash income less tax deducted at source and employee's own contribution to provident fund.
3. The Chief Financial Officer has been granted Stock Options by ITC under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. Since these Stock Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options and accordingly, the said grant has not been considered as remuneration.
4. The aforesaid employee(s) are neither relative of any Director / Manager of the Company nor hold any equity share in the Company.

On behalf of the Board

S. DUTTA *Chairman*

Dated : 21st April, 2023 T.S.M. SHENOY *Director*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD FLAKE CORPORATION LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Gold Flake Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 SAs 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books ;
   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account ;
   (d) In our opinion, the aforesaid Ind AS financial statements comply with

the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the Company has not paid / provided any managerial remuneration to its directors during the year and hence the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company for the year ended March 31, 2023;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv.a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Anant Acharya
Partner
Membership Number: 124790
UDIN: 23124790BGVIKE7347

Place of Signature: Mumbai
Date: April 21, 2023

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

(i) (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has not capitalized any intangible assets in the books of the Company and accordingly, the requirement to report on clause 3(i)(a)(B) of the Order is not applicable to the Company.

(b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There is no immovable property, held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company's business, in view of its current operations, does not require maintenance of inventories and, accordingly, the requirements to report on clause 3(ii) (a) of the Order is not applicable to the Company and hence not commented upon.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) to 3(iii)(f) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues applicable to it. Customs duty and excise duty are not applicable to the Company.

(b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, value added tax, goods and service tax, cess and other statutory dues applicable to it were outstanding, at the year end, for a period of more than six months from the date they became payable. Customs duty and excise duty are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and service tax, cess and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause (ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its associates or joint ventures. The Company does not have any subsidiary company.

(f) The Company has not raised loans during the year on the pledge of securities held in its joint ventures or associate companies. The Company does not have any subsidiary company. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) According to the information and explanations given by the management, the Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, reporting under clause 3(x)(a) is not applicable to the Company and hence not commented upon.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii)(a) to (c) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with Section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) of the Order in so far as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv)(a) The Company has implemented internal audit system on a voluntary basis which is commensurate with the size of the Company and nature of its business though it is not required to have an internal audit system under Section 138 of the Companies Act, 2013.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Companies Act, 2013.

(xvi)(a) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 18(ix) to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us, the provisions of Section 135 of the Companies Act 2013 are not applicable to the Company. Accordingly, the requirement to report on clause 3(xx) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Anant Acharya
Partner

Place of Signature: Mumbai
Date: April 21, 2023

Membership Number: 124790
UDIN: 23124790BGVIKE7347

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF GOLD FLAKE CORPORATION LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Gold Flake Corporation Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Anant Acharya
Partner

Place of Signature: Mumbai
Date: April 21, 2023

Membership Number: 124790
UDIN: 23124790BGVIKE7347

BALANCE SHEET AS AT 31ST MARCH, 2023

	Note		As at 31st March, 2023 (₹ in lakhs)		As at 31st March, 2022 (₹ in lakhs)
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	3		0.02		0.02
(b) Financial Assets					
(i) Investments	4		600.64		600.64
(c) Income Tax Assets (Net)	5		181.06		256.85
Current assets					
(a) Financial Assets					
(i) Investments	6	576.00		218.22	
(ii) Cash and cash equivalents	7	3.26		6.55	
(iii) Other Bank Balances	8	1,872.48		2,086,42	
(iv) Others	9	15.27	2,467.01	15.17	2,326.36
TOTAL ASSETS			**3,248.73**		**3,183.87**
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	10	1,599.84		1,599.84	
(b) Other Equity		1,452.92	3,052.76	1,418.81	3,018.65
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Other financial liabilities	11		2.23		1.79
(b) Deferred tax liabilities (Net)	12		6.76		2.01
Current liabilities					
(a) Financial Liabilities					
(i) Other financial liabilities	11		6.20		1.43
(b) Other liabilities	13		180.78		159.99
TOTAL EQUITY AND LIABILITIES			**3,248.73**		**3,183.87**

The accompanying notes 1 to 19 are an integral part of the Financial Statements.

In terms of our report attached

For S R B C & CO LLP
Chartered Accountants
Firm Registration Number : 324982E/E300003

On behalf of the Board

Anant Acharya
Partner
Mumbai, April 21, 2023

S. DUTTA *Chairman*
V. LUHARUKA *Chief Financial Officer*

T. S. M. SHENOY *Director*
P. KUMAR *Manager & Company Secretary*
Kolkata, April 21, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

		Note	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
I	Other Income	14	1,996.67	1,728.89
	Total Income (I)		**1,996.67**	**1,728.89**
II	**EXPENSES**			
	Employee benefits expense	15	136.12	110.61
	Other expenses	16	2.22	2.65
	Total Expenses (II)		**138.34**	**113.26**
III	**Profit before tax (I - II)**		1,858.33	1,615.63
IV	**Tax expense:**			
	Current Tax	17A	11.65	8.55
	Deferred Tax	17A	4.75	(0.84)
V	**Profit for the year (III - IV)**		**1,841.93**	**1,607.92**
VI	**Other Comprehensive Income**		–	–
VII	**Total Comprehensive Income for the year (V + VI)**		**1,841.93**	**1,607.92**
VIII	Earnings per equity share (Face Value of ₹ 10.00 each):			
	- Basic and Diluted (in ₹)	18 (i)	11.51	10.05

The accompanying notes 1 to 19 are an integral part of the Financial Statements.

In terms of our report attached

For S R B C & CO LLP
Chartered Accountants
Firm Registration Number : 324982E/E300003

On behalf of the Board

Anant Acharya
Partner
Mumbai, April 21, 2023

S. DUTTA *Chairman*
V. LUHARUKA *Chief Financial Officer*

T. S. M. SHENOY *Director*
P. KUMAR *Manager & Company Secretary*
Kolkata, April 21, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

A. Equity Share Capital

(₹ in lakhs)

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2023	**1,599.84**	**–**	**1,599.84**
For the year ended 31st March, 2022	1,599.84	–	1,599.84

B. Other Equity

(₹ in lakhs)

FY 2022-23	Reserves and Surplus		Total
	General Reserve	Retained Earnings	
Balance as at 1st April, 2022	**87.26**	**1,331.55**	**1,418.81**
Profit for the year	-	1,841.93	1,841.93
Other Comprehensive Income (net of tax)	-	-	-
Total Comprehensive Income	-	**1,841.93**	**1,841.93**
Interim Dividend paid	-	(1,807.82)	(1,807.82)
Balance as at 31st March, 2023	**87.26**	**1,365.66**	**1,452.92**

FY 2021-22	Reserves and Surplus		Total
	General Reserve	Retained Earnings	
Balance as at 1st April, 2021	**87.26**	**1,323.47**	**1,410.73**
Profit for the year	-	1,607.92	1,607.92
Other Comprehensive Income (net of tax)	-	-	-
Total Comprehensive Income	-	**1,607.92**	**1,607.92**
Interim Dividend paid	-	(1,599.84)	(1,599.84)
Balance as at 31st March, 2022	**87.26**	**1,331.55**	**1,418.81**

General Reserve: This Reserve is created by an appropriation from one component of Equity (generally Retained Earnings) to another, not being an item of Other Comprehensive Income. The same can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.

Retained Earnings: This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 19 are an integral part of the Financial Statements.

In terms of our report attached

For S R B C & CO LLP
Chartered Accountants
Firm Registration Number : 324982E/E300003

Anant Acharya
Partner
Mumbai, April 21, 2023

On behalf of the Board

S. DUTTA *Chairman*
V. LUHARUKA *Chief Financial Officer*
T. S. M. SHENOY *Director*
P. KUMAR *Manager & Company Secretary*
Kolkata, April 21, 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

		For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
A.	**Cash Flow from Operating Activities**		
	PROFIT BEFORE TAX	**1,858.33**	**1,615.63**
	ADJUSTMENTS FOR:		
	Interest Income	(147.93)	(125.32)
	Dividend Income	(1,800.00)	(1,575.00)
	Net (gain)/loss arising on investments mandatorily measured at Fair value through profit or loss	(48.74)	(28.57)
	OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	**(138.34)**	**(113.26)**
	ADJUSTMENTS FOR:		
	Provisions	–	(1.22)
	Other financial asset	–	0.01
	Other financial liabilities and other liabilities	26.00	85.91
	CASH USED IN OPERATIONS	(112.34)	(28.56)
	Income tax paid / (refund)	64.13	(166.51)
	NET CASH USED IN OPERATING ACTIVITIES	**(48.21)**	**(195.07)**
B.	**Cash Flow from Investing Activities**		
	Purchase of current investments	(1,194.80)	(2,131.00)
	Sale / redemption of current investments	885.77	2,061.05
	Dividend Income	1,800.00	1,575.00
	Interest received	147.83	121.96
	Investment in bank deposits (original maturity more than 3 months)	(4,774.80)	(4,004.63)
	Redemption / maturity of bank deposits (original maturity more than 3 months)	4,988.74	4,177.12
	NET CASH GENERATED FROM INVESTING ACTIVITIES	**1,852.74**	**1,799.50**
C.	**Cash Flow from Financing Activities**		
	Dividend paid	(1.807.82)	(1,599.84)
	NET CASH USED IN FINANCING ACTIVITIES	**(1,807.82)**	**(1,599.84)**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(3.29)**	4.59
	OPENING CASH AND CASH EQUIVALENTS	**6.55**	1.96
	CLOSING CASH AND CASH EQUIVALENTS (Note 7)	**3.26**	**6.55**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".

The accompanying notes 1 to 19 are an integral part of the Financial Statements.

In terms of our report attached

For S R B C & CO LLP
Chartered Accountants
Firm Registration Number : 324982E/E300003

On behalf of the Board

Anant Acharya
Partner
Mumbai, April 21, 2023

S. DUTTA *Chairman*
V. LUHARUKA *Chief Financial Officer*

T. S. M. SHENOY *Director*
P. KUMAR *Manager & Company Secretary*
Kolkata, April 21, 2023

NOTES TO THE FINANCIAL STATEMENTS

Company Information:

Gold Flake Corporation Limited, a wholly owned subsidiary of ITC Limited, is a company within the meaning of the Companies Act, 2013. While the main objects of the Company are primarily to manufacture and deal in tobacco & tobacco related products, it continues to explore newer growth opportunities. It remains committed to its growth strategy through its joint venture and associate. The temporary surplus funds of the Company, in the meantime, are deployed in bank fixed deposits and debt mutual funds.

1. Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2016.

Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 - Presentation of Financial Statements based on the nature of products or services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate. The estimated useful lives of property, plant and equipment of the Company are as follows:

Office Equipment - Desktop	3 years

Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Investment in Subsidiaries, Associates and Joint Venture

Investment in subsidiaries, associates and joint venture are carried at cost less accumulated impairment, if any.

Financial instruments, Financial assets, Financial liabilities and Equity instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include investments, trade receivables, advances, security deposits, cash and cash equivalents. Such assets are initially recognised at fair value or transaction price, as applicable, when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

The financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on their fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, advances, security deposits, cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are de-recognised when the right to receive cash flows from the assets has expired, or has been transferred and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Trade payables and other financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are de-recognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees deputed to the Company is recognised at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost recognised as an employee benefits expenses in the Statement of Profit and Loss with a corresponding credit in equity, net of reimbursements, if any.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

Dividend Distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

2. Use of Estimates and Judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company uses other methods, including third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

ii. Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

(₹ in lakhs)

Particulars	Gross Block							Depreciation and Amortization							Net Book Value	
	As at 31st March, 2021	Additions	Withdrawals and adjustments	As at 31st March, 2022	**Additions**	**Withdrawals and adjustments**	**As at 31st March, 2023**	Upto 31st March, 2021	For the year	On Withdrawals and adjustments	Upto 31st March, 2022	**For the year**	**On Withdrawals and adjustments**	**Upto 31st March, 2023**	**As at 31st March, 2023**	As at 31st March, 2022
3. Property, Plant and Equipment																
Office Equipment	0.42	–	–	0.42	–	–	**0.42**	0.40	–	–	0.40	–	–	**0.40**	**0.02**	0.02
TOTAL	**0.42**	–	–	**0.42**	–	–	**0.42**	**0.40**	–	–	**0.40**	–	–	**0.40**	**0.02**	**0.02**

NOTES TO THE FINANCIAL STATEMENTS (contd.)

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
4. Non-current investments	**Unquoted**	Unquoted
INVESTMENT IN EQUITY INSTRUMENTS		
In Associates (at cost)		
ATC Limited		
55,650 Equity Shares of ₹ 100.00 each, fully paid	83.48	83.48
1,39,125 Equity Shares of ₹ 100.00 each, ₹ 70.00 paid	292.16	292.16
In Joint Ventures (at cost)		
ITC Essentra Limited		
22,50,000 Equity Shares of ₹ 10.00 each, fully paid	225.00	225.00
TOTAL	**600.64**	**600.64**
5. Income Tax Assets (Net) : Non-Current		
Income Tax Assets (net of provisions)	181.06	256.85
TOTAL	**181.06**	**256.85**
6. Current investments	**Unquoted**	Unquoted
INVESTMENT IN MUTUAL FUNDS		
(at fair value through profit or loss)		
Axis Liquid Fund	15.01	21.00
604 (2022 - 894) units of ₹ 1000.00 each		
Aditya Birla Sun Life Saving Fund	326.94	120.42
69,523 (2022 - 27,042) units of ₹ 100.00 each		
Kotak Corporate Bond Fund	25.87	34.80
789 (2022 - 1,111) units of ₹ 1000.00 each		
Nippon India Liquid Fund	–	21.00
Nil (2022 - 407) units of ₹ 1000.00 each		
Axis Ultra Short Term Fund	208.18	–
15,77,979 (2022 - Nil) units of ₹ 10.00 each		
UTI Liquid Cash Plan	–	21.00
Nil (2022 - 606) units of ₹ 1000.00 each		
TOTAL	**576.00**	**218.22**
7. Cash and cash equivalents[@]		
Balances with Banks		
Current accounts	3.26	6.55
TOTAL	**3.26**	**6.55**

[@] Cash and cash equivalents include cash on hand, cheques, cash at bank, deposits with banks with original maturity of 3 months or less etc., as applicable.

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
8. Other Bank Balances		
In deposit accounts *	1,872.48	2,086.42
TOTAL	**1,872.48**	**2,086.42**

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Balance Sheet date.

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
9. Other Financial assets		
Current		
Interest accrued on deposits	15.27	15.17
TOTAL	**15.27**	**15.17**

	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in lakhs)
10. Equity Share capital				
Authorised				
Equity Shares of ₹ 10.00 each	2,00,00,000	2,000.00	2,00,00,000	2,000.00
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	1,59,98,385	1,599.84	1,59,98,385	1,599.84
A) Reconciliation of number of Equity Shares outstanding				
As at beginning and at the end of the year	1,59,98,385	1,599.84	1,59,98,385	1,599.84

B) Shareholders holding more than 5% of the Equity Shares in the Company

	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 (%)	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (%)
ITC Limited - the Holding Company	1,59,98,385	100.00	1,59,98,385	100.00

C) Rights, preferences and restrictions attached to the Equity Shares

The Equity Shares of the Company, having par value of ₹ 10.00 per share, rank *pari passu* in all respects including voting rights and entitlement to dividend.

D) Shares held by promoters

	Promoter Name	As at 31st March, 2023			As at 31st March, 2022		
		No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
Equity Shares of ₹ 10.00 each, fully paid	ITC Limited	1,59,98,385	100.00	–	1,59,98,385	100.00	–
Total		**1,59,98,385**	**100.00**	–	**1,59,98,385**	**100.00**	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2023 (₹ in lakhs) Non-Current	As at 31st March, 2023 (₹ in lakhs) Current	As at 31st March, 2022 (₹ in lakhs) Non-Current	As at 31st March, 2022 (₹ in lakhs) Current
11. Other financial liabilities				
Other payables to related parties	2.23	5.61	1.79	0.84
Others (Liabilities for expenses)	–	0.59	–	0.59
TOTAL	**2.23**	**6.20**	1.79	1.43

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
12. Deferred tax liabilities (Net)		
Deferred tax liabilities	6.76	2.01
Less: Deferred tax assets	–	–
TOTAL	**6.76**	**2.01**

Movement in Deferred tax liabilities / (assets) balances (₹ in lakhs)

2022-23	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities in relation to :				
On current investments - FVTPL	2.01	4.75	–	6.76
Total deferred tax liabilities	**2.01**	**4.75**	–	**6.76**
On employees separation and retirement etc.	–	–	–	–
Total deferred tax assets	–	–	–	–
Deferred tax liabilities/ (assets) (Net)	**2.01**	**4.75**	–	**6.76**

Movement in Deferred tax liabilities / (assets) balances (₹ in lakhs)

2021-22	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities in relation to :				
On current investments - FVTPL	3.15	(1.14)	–	2.01
Total deferred tax liabilities	**3.15**	**(1.14)**	–	**2.01**
On employees separation and retirement etc.	0.30	(0.30)	–	–
Total deferred tax assets	**0.30**	**(0.30)**	–	–
Deferred tax liabilities/ (assets) (Net)	**2.85**	**(0.84)**	–	**2.01**

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
13. Other liabilities		
Statutory liabilities	180.78	159.99
TOTAL	**180.78**	**159.99**

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
14. Other income		
Interest income	147.93	125.32
Dividend income	1,800.00	1,575.00
Other gains and losses	48.74	28.57
TOTAL	**1,996.67**	**1,728.89**
Interest income comprises interest from:		
a) Deposits with banks - carried at amortised cost	134.17	125.12
b) Other financial assets measured at amortised cost	–	–
c) Others (from statutory authorities)	13.76	0.20
TOTAL	**147.93**	**125.32**
Dividend income comprises dividend from:		
Non-Current investments	1,800.00	1,575.00
TOTAL	**1,800.00**	**1,575.00**
Other gains and losses		
Net gain / (loss) arising on financial assets mandatorily measured at FVTPL *	48.74	28.57
TOTAL	**48.74**	**28.57**

* Includes ₹ 25.05 lakhs (2022 : ₹ 24.44 lakhs) being net gain on sale of investments.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
15. Employee benefits expense		
Salaries and wages	–	9.09
Remuneration of managers' salary on deputation[@]	135.08	100.20
Staff welfare expenses	1.04	0.73
Provision for Retirement and Other Benefits	–	0.59
TOTAL	**136.12**	**110.61**

[@] Includes charge/ (credit) on account of share based payments as under :

- Employee Stock Appreciation Linked Reward (ESAR) Plan : ₹ 9.38 lakhs [2022 : ₹ 0.89 lakh] [Refer Note 18(vii)]

16. Other expenses		
Rates and taxes	0.13	0.13
Insurance	0.01	0.06
Bank charges	0.10	0.02
Consultancy / Professional fees	0.67	1.15
Miscellaneous expenses	1.31	1.29
TOTAL	**2.22**	**2.65**
Miscellaneous expenses include:		
Auditors' remuneration and expenses#		
Audit fees	0.66	0.66
Tax audit fees	0.10	0.10
Fees for other services	0.31	0.31

Excluding taxes.

17. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	11.20	11.40
Adjustments / (credits) related to previous years - Net	0.45	(2.85)
Total current tax	**11.65**	**8.55**
Deferred tax		
Deferred tax for the year	4.75	(0.84)
Total deferred tax	**4.75**	**(0.84)**
TOTAL	**16.40**	**7.71**
B. Reconciliation of effective tax rate		
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	**1,858.33**	**1,615.63**
Income tax expense calculated @ 25.168%	467.70	406.62
Effect of tax relating to uncertain tax positions	2.36	0.22
Effect of difference in taxable income / deductible expense	(453.02)	(396.40)
Other differences	(1.09)	0.12
Total	**15.95**	**10.56**
Adjustments recognised in the current year in relation to the current tax of prior years	0.45	(2.85)
Income tax recognised in profit or loss	**16.40**	**7.71**

The tax rate used for the above reconciliations is the corporate tax rate of 25.168% (22% + surcharge @ 10% + cess @ 4%) payable on taxable profits under the Income-tax Act, 1961.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

18. Additional Notes to the Financial Statements

(i) Earnings per share:

	2023	2022
Earnings per share has been computed as under:		
(a) Profit for the year (₹ in lakhs)	**1,841.93**	1,607.92
(b) Weighted average number of Equity Shares outstanding for the purpose of basic earnings per share	**1,59,98,385**	1,59,98,385
(c) Earnings per share on profit for the year (Face Value ₹ 10.00 per share) - Basic & Diluted [(a)/(b)] (in ₹)	**11.51**	10.05

(ii) Uncalled liability in respect of partly paid-up 1,39,125 shares of ATC Limited @ ₹ 90.00 per share (includes ₹ 60.00 per share as premium) is ₹ 125.21 Lakhs (2022 : ₹ 125.21 Lakhs).

(iii) **Defined Benefit Plans / Long Term Compensated Absences:**

Description of Plans

The Company makes provisions for Defined Benefit Plans for qualifying employees. Gratuity and Leave Encashment Benefits are unfunded in nature.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuary, using the projected unit credit method at the year end.

Risk Management

The Defined Benefit Plans expose the Company to risk of actuarial deficit arising out of interest rate risk and salary cost inflation risk.

Interest Rate Risk: The present value of Defined Benefit Plans liability is determined using the discount rate based on the market yields prevailing at the end of reporting period on Government bonds. A decrease in yields will increase the fund liabilities and vice-versa.

Salary Cost Inflation Risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
			Unfunded	**Unfunded**	Unfunded	Unfunded
I		**Components of Employer Expense**				
	-	**Recognised in Profit or Loss**				
	1	Current Service Cost	–	–	0.39	0.20
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	–	–	–	–
	4	**Total expense recognised in the Statement of Profit and Loss**	–	–	**0.39**	**0.20**
	-	**Re-measurements recognised in Other Comprehensive Income**				
	5	Return on plan assets (excluding amounts included in Net interest cost)	–	–	–	–
	6	Effect of changes in demographic assumptions	–	–	–	–
	7	Effect of changes in financial assumptions	–	–	–	–
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–
	9	Effect of experience adjustments	–	–	–	–
	10	**Total re-measurements included in Other Comprehensive Income [(Gain)/Loss]**	–	–	–	–
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income [(Gain)/Loss] (4+10)**	–	–	**0.39**	**0.20**
	The current service cost and net interest cost for the year pertaining to Gratuity expenses and Leave Encashment have been recognised in "Provision for Retirement and Other Benefits" under Note 15. The re-measurements of the net defined benefit liability are included in Other Comprehensive Income.					
			Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
			Unfunded	**Unfunded**	Unfunded	Unfunded
II	**Actual Returns**		–	–	–	–
III	**Net Asset / (Liability) recognised in Balance Sheet**					
	1	Present Value of Defined Benefit Obligation	–	–	–	–
	2	Fair Value of Plan Assets	–	–	–	–
	3	Status [Surplus / (Deficit)]	–	–	–	–
	4	Restrictions on Asset Recognised	–	–	–	–
	5	**Net Asset / (Liability) recognised in Balance Sheet**	**Gratuity**	**Leave Encashment**	Gratuity	Leave Encashment
			Unfunded	**Unfunded**	Unfunded	Unfunded
		- Current	–	–	–	–
		- Non-current	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Unfunded	Unfunded	Unfunded	Unfunded
IV	**Change in Defined Benefit Obligation (DBO)**					
	1	Present Value of DBO at the beginning of the year	–	–	0.62	0.60
	2	Current Service Cost	–	–	0.39	0.20
	3	Interest Cost	–	–	–	–
	4	Re-measurement Gains / (Losses):				
		a. Effect of changes in demographic assumptions	–	–	–	–
		b. Effect of changes in financial assumptions	–	–	–	–
		c. Changes in asset ceiling (excluding interest income)	–	–	–	–
		d. Effect of experience adjustments	–	–	–	–
	5	Transfer In	–	–	–	–
	6	Curtailment Cost / (Credits)	–	–	–	–
	7	Settlement Cost / (Credits)	–	–	–	–
	8	Liabilities assumed in business combination	–	–	–	–
	9	Exchange difference on foreign plans	–	–	–	–
	10	Benefits Paid	–	–	(1.01)	(0.80)
	11	**Present Value of DBO at the end of the year**	–	–	–	–

			As at 31st March, 2023	As at 31st March, 2022
V	**Actuarial Assumptions**		Discount Rate (%)	Discount Rate (%)
	1	Gratuity	–	–
	2	Leave Encashment	–	–

			For the year ended 31st March, 2023 (₹ in lakhs)		For the year ended 31st March, 2022 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Unfunded	Unfunded	Unfunded	Unfunded
VI	**Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)**					
	1	Present Value of Defined Benefit Obligation	–	–	–	–
	2	Fair Value of Plan Assets	–	–	–	–
	3	Status [Surplus / (Deficit)]	–	–	–	–
	4	Experience Adjustment of Plan Assets [Gain / (Loss)]	–	–	–	–
	5	Experience Adjustment of obligation [(Gain) / Loss]	–	–	–	–

VII. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation (DBO) presented above. There was no change in the methods and assumptions used in the preparation of sensitivity analysis from previous year.

(₹ in lakhs)

			DBO as at 31st March, 2023		DBO as at 31st March, 2022	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Unfunded	Unfunded	Unfunded	Unfunded
	1	Discount Rate + 100 basis points	–	–	–	–
	2	Discount Rate - 100 basis points	–	–	–	–
	3	Salary Increase Rate + 1%	–	–	–	–
	4	Salary Increase Rate - 1%	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Maturity Analysis of the Benefit Payments (₹ in lakhs)

			DBO as at 31st March, 2023		DBO as at 31st March, 2022	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Unfunded	Unfunded	Unfunded	Unfunded
	1	Year 1	–	–	–	–
	2	Year 2	–	–	–	–
	3	Year 3	–	–	–	–
	4	Year 4	–	–	–	–
	5	Year 5	–	–	–	–
	6	Next 5 Years	–	–	–	–

(iv) **Micro, Small and Medium scale Enterprises:**

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2023. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(v) **Segment Reporting:**

The Company operates in a single business and geographical segment in India. The entity-wide disclosures are as under:

(₹ in lakhs)

	2023	2022
Non-current assets (in India)	181.08	256.87

The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors, which is the Chief Operating Decision Maker.

(vi) **Related Party Disclosures :**

(a) RELATIONSHIP :

(i) Holding Company :

– ITC Limited

(ii) Key Management Personnel :

– Mr. R. Tandon — Chairman & Non-Executive Director (upto 21.07.2022)
– Mr. S. Dutta — Chairman & Additional Non-Executive Director (w.e.f. 22.07.2022)
– Mr. J. Singh — Non-Executive Director
– Mr. T.S.M. Shenoy — Non-Executive Director
– Ms. N. Bajaj — Non-Executive Director
– Mr. V. Luharuka — Chief Financial Officer
– Mr. P. Kumar — Manager & Company Secretary

(iii) Other related parties with whom the Company had transactions:

Joint Venture

– ITC Essentra Limited

(b) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES FOR THE YEAR AND THE STATUS OF OUTSTANDING BALANCES AS AT THE YEAR END :

(₹ in lakhs)

	Related Party Transaction Summary	Holding Company		Joint Venture		Key Management Personnel		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
1.	Purchase of Internal audit services	0.33	0.33	–	–	–	–	0.33	0.33
2.	Dividend Income	–	–	1,800.00	1,575.00	–	–	1,800.00	1,575.00
3.	Remuneration of managers on deputation reimbursed								
	- for Chief Financial Officer (CFO)	106.78	92.03	–	–	–	–	106.78	92.03
	- for Manager & Company Secretary (Mr. P. Kumar)	18.92	7.28	–	–	–	–	18.92	7.28
4.	Remuneration on account of share based payment for manager on deputation (for CFO)	9.38	0.89	–	–	–	–	9.38	0.89
5.	Expenses Reimbursed	1.04	0.73	–	–	–	–	1.04	0.73
6.	Remuneration of Key Management Personnel Manager & Company Secretary (Ms. S Rampuria from 01.04.21 upto 30.09.21)								
	- Short Term Benefits	–	–	–	–	–	9.09	–	9.09
	- Other Benefits	–	–	–	–	–	1.81	–	1.81
7.	Dividend Paid	1,807.82	1,599.84	–	–	–	–	1,807.82	1,599.84
Outstanding Balances									
8.	Payables [Refer Note 11]	7.84	2.63	–	–	–	–	7.84	2.63

(vii) The Chief Financial Officer of the Company, who is on deputation from ITC Limited (ITC), the Holding Company, has been granted Stock Options and Employee Stock Appreciation Linked Reward Units (ESAR Units) by ITC under the ITC Employee Stock Option Schemes (ITC ESOS) and under ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan).

The cost of equity settled options granted under ITC ESOS / cash settled units granted under ITC ESAR Plan have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of the deputation arrangement, the Company has accounted for the cost of the fair value of Stock Options / ESAR units granted to the deputed employee on-charge by ITC. Accordingly, an amount of ₹ 9.38 Lakhs [2022: ₹ 0.89 Lakh] towards ESAR Units have been recognized as employee benefits expense (Refer Note 15). The liability of ₹ 7.84 Lakhs (2022: ₹ 2.63 Lakhs) on account of ESAR Units is presented under Note 11 of the financial statements.

The summary of movement of the aforesaid Stock Options granted by ITC and status of the outstanding options is as under:

Particulars	As at 31st March, 2023	As at 31st March, 2022
	No. of Options	No. of Options
Outstanding at the beginning of the year	7,320	7,320
Add: Granted during the year	–	–
Less: Lapsed during the year	–	–
Less: Exercised during the year	1,098	–
Outstanding at the end of the year	6,222	7,320
Options exercisable at the end of the year	6,222	7,320

Note: The weighted average exercise price of the options granted to all Optionees under the ITC ESOS is computed by ITC as a whole.

Since the above-mentioned Stock Options / ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units.

(viii) **List of significant investments:**

a. **Interest in Associate:**

Name of the Investee	Principal Place of Business	Proportion of the ownership interest *		Method used to account for the investments in Separate Financial Statement
		As at 31st March, 2023	As at 31st March, 2022	
ATC Limited	Hosur, India	47.50%	47.50%	At cost

b. **Interest in Joint Venture:**

The Company's interest, as a venturer, in jointly controlled entity (incorporated Joint Venture) is:

Name of the Investee	Principal Place of Business	Percentage of ownership interests *		Method used to account for the investments in Separate Financial Statement
		As at 31st March, 2023	As at 31st March, 2022	
ITC Essentra Limited	Bengaluru, India	50.00%	50.00%	At cost

* Also refer Note 4.

(ix) **Financial Ratios:**

Particulars	Numerator	Denominator	31st March, 2023	31st March, 2022
Current ratio (in times)	Current Assets	Current Liabilities	13.19	14.41
Return on Equity (in %)	Profit after Tax (PAT)	Average Shareholder's Equity	60.68	53.34
Return on Capital employed (in %)	Profit before Interest and Taxes (PBIT)	Average Capital Employed	61.13	53.55
Return on investment (in %)	Income from Investment	Time Weighted Average Investments	131.99	120.75

Note: Debt-Equity Ratio, Debt Service Coverage Ratio, Inventory Turnover Ratio, Trade Receivables Turnover Ratio, Trade Payables Turnover Ratio, Net Capital Turnover Ratio & Net Profit Ratio are not applicable for the Company.

(x) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

- Ind AS 1, 'Presentation of Financial Statements' - This amendment requires companies to disclose their material accounting policies rather than their significant accounting policies.
- Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments clarify how companies account for deferred tax on transactions such as leases.
- Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – This amendment has introduced a definition of 'accounting estimates' and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. Based on a preliminary evaluation, the Company does not expect any material impact on the financial statements resulting from the implementation of these amendments.

19. Financial Instruments and Related Disclosures

a. **Capital Management**

The Company funds its operations mainly through internal accruals and do not have any borrowings. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

b. **Categories of Financial Instruments** (₹ in lakhs)

Particulars	Note	As at 31st March, 2023		As at 31st March, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	7	3.26	3.26	6.55	6.55
ii) Other bank balances	8	1,872.48	1,872.48	2,086.42	2,086.42
iii) Other financial assets	9	15.27	15.27	15.17	15.17
Sub-total		**1,891.01**	**1,891.01**	**2,108.14**	**2,108.14**
b) Measured at Fair Value through Profit or Loss					
i) Investment in Mutual Funds	6	576.00	576.00	218.22	218.22
Sub-total		**576.00**	**576.00**	**218.22**	**218.22**
Total financial assets		**2,467.01**	**2,467.01**	**2,326.36**	**2,326.36**
B. Financial liabilities					
a) Measured at amortised cost					
i) Other financial liabilities	11	8.43	8.43	3.22	3.22
Total financial liabilities		**8.43**	**8.43**	**3.22**	**3.22**

c. Financial risk management objectives

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulations. It also seeks to drive accountability in this regard.

Market Risk

As the Company is debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of financial liabilities is negligible. Investments are made in debt instruments, within approved policies and procedures guided by the tenets of liquidity, safety and return. This ensures that investments are only made within acceptable risk parameters.

The Company's investments are predominantly held in debt mutual funds, fixed deposits etc. The Company invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

Fixed deposits are held with highly rated banks and companies, have a short tenure and are not subject to interest rate volatility.

Liquidity Risk

The Company's Current assets aggregate to ₹ 2,467.01 lakhs (2022: ₹ 2,326.36 lakhs) including Current Investments, Cash and cash equivalents, and Other Bank Balances of ₹ 2,451.74 lakhs (2022: ₹ 2,311.19 lakhs) against an aggregate current liability of ₹ 186.98 lakhs (2022: ₹ 161.42 lakhs) on the reporting date.

In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

Credit Risk

The risk management framework of the Company is designed to bring robustness to the risk management processes within the Company. With respect to the Company's investing activities, counter parties are shortlisted and exposure limits determined on the basis of their credit rating, where available, financial statements and other relevant information. The counter party risk is considered insignificant. Based on the assessment of financial assets, no loss provision is considered necessary.

d. Fair value measurement

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market or Net Asset Value (NAV) for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The fair value of financial liabilities, where applicable, is determined using market observable inputs such as quotes from market participants, value published by the issuer etc.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted methodologies such as discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade payables and other Current financial assets and liabilities, where applicable, is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. The sensitivity of change in the unobservable inputs used in fair valuation of Level 3 financial assets and liabilities does not have a significant impact on their value. There were no transfers between Level 1, Level 2 and Level 3 during the year.

The following table presents the fair value hierarchy of assets measured at fair value:

(₹ in lakhs)

Particulars	Fair Value		
	Hierarchy (Level)	**As at 31st March, 2023**	As at 31st March, 2022
A. Financial assets			
Measured at Fair value through Profit or Loss			
Investment in Mutual Funds	1	**576.00**	218.22

On behalf of the Board

S. DUTTA *Chairman* T. S. M. SHENOY *Director*
V. LUHARUKA *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*

Kolkata, April 21, 2023

Form AOC-1

[Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of Subsidiaries / Associate companies / Joint Ventures

Part A: Subsidiaries

Not Applicable

Part B: Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate companies and Joint Ventures

Name of Associates / Joint Ventures		ATC Limited	ITC Essentra Limited
1.	Latest audited Balance Sheet Date	31-March-2023	31-March-2023
2.	Date on which the Associate or Joint Ventures was associated or acquired	06-April-1996	30-June-1994
3.	Shares of Associate / Joint Ventures held by the Company on the year end		
	Number	1,94,775 #	22,50,000
	Amount of Investment in Associates / Joint Venture (₹ in Lakhs)	375.64	225.00
	Extent of Holding %	47.50	50.00
4.	Description of how there is significant influence	Associate	Joint Venture
5.	Reason why the Associate / Joint Venture is not consolidated	Not Applicable *	Not Applicable *
6.	Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in Lakhs)	752.28	10,860.67
7.	Profit / (Loss) for the year (₹ in Lakhs)	126.16	6,476.84
	i. Considered in Consolidation (₹ in Lakhs) *	–	–
	ii. Not Considered in Consolidation (₹ in Lakhs) *	126.16	6,476.84

* The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements in terms of the Companies (Accounts) Rules, 2014 and ITC Limited, the Holding Company, prepares Consolidated Financial Statements.

\# Comprises,
55,650 Equity shares of ₹ 100.00 each, fully paid-up and
1,39,125 Equity shares of ₹ 100.00 each, ₹ 70.00 paid-up

1. Names of the Associates or Joint Ventures which are yet to commence operations : None
2. Names of Associates or Joint Ventures which have been liquidated or sold during the year : None

On behalf of the Board

S. DUTTA *Chairman*
T. S. M. SHENOY *Director*
V. LUHARUKA *Chief Financial Officer*
P. KUMAR *Manager & Company Secretary*

Kolkata, April 21, 2023

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. Your Directors submit their 11th Report for the financial year ended 31st March, 2023.

2. **COMPANY PERFORMANCE**

During the year under review, the Company earned total income of ₹ 65.14 lakhs with profit after tax of ₹ 4.24 lakhs.

The Company during the year, with your approval, entered into the business of providing support to the Business Shared Services operations of ITC Limited, the Holding Company ('ITC'). For this purpose, the Company also changed its name to 'ITC Integrated Business Services Limited' with effect from 20th December, 2022, after obtaining requisite approvals. Accordingly, the Company ceased to be an 'Unregistered Core Investment Company' within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016.

The financial results of your Company, summarised, are as under:

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
Profits		
a. Profit Before Tax	**5.73**	1.19
b. Less : Tax Expense	**1.49**	0.32
c. Profit After Tax	**4.24**	0.87
d. Add : Other Comprehensive Income	–	–
e. Total Comprehensive Income	**4.24**	0.87
Retained Earnings		
a. At the beginning of the year	**97.69**	96.82
b. Add : Profit for the year	**4.24**	0.87
c. Add : Other Comprehensive Income	–	–
d. At the end of the year	**101.93**	97.69

3. **DIRECTORS**

(a) **Changes in Directors**

Mr. Trasi Sadashiva Madhava Shenoy (DIN: 09476476) was appointed, with your approval, as a Non-Executive Director of the Company with effect from 20th June, 2022.

The Board of Directors of your Company ('the Board') at the meeting held on 21st April, 2023 appointed Messrs. Amitav Mukherji (DIN: 10105060) and Jagdish Singh (DIN: 00042258) as Additional Directors of the Company with effect from the said date. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 16 of the Articles of Association of the Company, Messrs. Mukherji and Singh will vacate office at the ensuing Annual General Meeting ('AGM') and are eligible for appointment as Directors of the Company.

The Board at the aforesaid meeting also recommended for the approval of the Members, the appointment of Messrs. Mukherji and Singh as Non-Executive Directors of your Company, liable to retire by rotation. Requisite Notices under Section 160 of the Act have been received by the Company for the appointment of Messrs. Mukherji and Singh, who have filed their consents to act as Directors of your Company, if appointed.

Appropriate resolutions seeking your approval to the aforesaid appointments are appearing in the Notice convening the ensuing AGM of the Company.

Mr. Rajiv Tandon (DIN: 00042227), consequent to his retirement from the services of ITC, stepped down as the Chairman and Non-Executive Director of your Company with effect from 22nd July, 2022. Your Directors place on record their appreciation for the valuable contribution made by Mr. Tandon during his tenure with the Company. The Board appointed Mr. Supratim Dutta as the Chairman of the Company with effect from 22nd July, 2022.

(b) **Retirement by Rotation**

In accordance with the provisions of Section 152 of the Act read with the Articles of Association of the Company, Ms. Nidhi Bajaj (DIN: 02171721), Director, will retire by rotation at the ensuing AGM of the Company, and being eligible, offers herself for re-election. Your Board has recommended her re-election.

4. **BOARD MEETINGS**

Five meetings of the Board were held during the year ended 31st March, 2023.

5. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts for the financial year ended 31st March, 2023, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

6. **SUBSIDIARY COMPANY**

The statement in Form AOC-1 containing the salient features of the financial statements of MRR Trading & Investment Company Limited, a wholly owned subsidiary, is attached to the Financial Statements of the Company.

The Company, being an intermediate wholly owned subsidiary, is not required to prepare Consolidated Financial Statements. However, brief details of the performance and financial position of the Company's subsidiary company is given below:

Name of Subsidiary	Total Income (₹ in lakhs)		Profit after Tax (₹ in lakhs)	
	FY 2022-23	FY 2021-22	**FY 2022-23**	FY 2021-22
MRR Trading & Investment Company Limited	**7.25**	7.25	**0.28**	0.13

7. **PARTICULARS OF EMPLOYEES**

The details of employees of the Company, as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including details of employee(s) who had drawn remuneration more than the limit specified in the said Rule, are provided in **Annexure 1** to this Report.

The Company seeks to create equal opportunities for men and women and is committed to a gender-friendly workplace. During the year, no complaint for sexual harassment was received. However, the Company is not required to constitute Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

8. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Auditor of the Company periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be further strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

9. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Board which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations, if any.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes are undertaken to ensure that such systems are reinforced on an ongoing basis.

10. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year ended 31st March, 2023, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

11. **RELATED PARTY TRANSACTIONS**

The details of material related party transaction(s) entered into by the Company during the year ended 31st March, 2023 in the prescribed Form No. AOC-2 are enclosed under **Annexure 2** to this Report.

12. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

13. **COST RECORDS**

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

14. **STATUTORY AUDITORS**

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were appointed as the Auditors of your Company at the 7th AGM held on 20th June, 2019 to hold such office till the conclusion of the 12th AGM. Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of SRBC for the financial year 2023-24. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

15. **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

16. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

During the year under review, there has been no foreign exchange earnings or outflow.

On behalf of the Board

S. DUTTA *Chairman*
T.S.M. SHENOY *Director*

Dated: 21st April, 2023

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2023

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Name	Age (Years)	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualification	Experience (Years)	Date of commencement of employment	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
R. Mehrotra	54	Vice President & Head of Business Shared Services	49,35,900/- *	30,92,734/- *	B. Sc., C.A.	30	01.03.2023	Syniverse Technologies (India) Private Limited – Vice President, Shared Services Centre
S. Mishra	22	Manager-Accounts	2,14,212/-	2,09,652/-	B. Com, CMA (Foundation)	1	14.02.2022	–

** Includes one-time joining bonus*

Notes:

a. Gross Remuneration includes salary, variable pay / performance bonus, allowances, contribution to provident fund and other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net Remuneration comprises cash income less tax deducted at source and employee's own contribution to provident fund, as applicable.

c. The aforesaid appointments are contractual in accordance with terms and conditions as per the Company's rules and the said employees are neither relative of any Director of the Company nor hold any equity share in the Company.

On behalf of the Board

S. DUTTA *Chairman*
T.S.M. SHENOY *Director*

Dated: 21st April, 2023

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2023

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	**NIL**
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the Holding Company (ITC)
b)	Nature of the contracts / arrangements / transactions	Providing support to the Business Shared Services initiative of ITC
c)	Duration of the contracts / arrangements / transactions	Service Agreement with effect from 1st March, 2023
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year - ₹ 71.02 lakhs
e)	Date(s) of approval by the Board, if any	11th October, 2022
f)	Amount paid as advances, if any	Nil

On behalf of the Board

S. DUTTA *Chairman*
T.S.M. SHENOY *Director*

Dated: 21st April, 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ITC INTEGRATED BUSINESS SERVICES LIMITED

REPORT ON THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Ind AS financial statements of ITC Integrated Business Services Limited (formerly known as ITC Investments & Holdings Limited) ("the Company"), which comprise the Balance Sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 SAs 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1"a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
   (g) In our opinion, the Company has not paid / provided any managerial remuneration to its directors during the year and hence the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company for the year ended March 31, 2023;
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Anant Acharya
Partner
Membership Number: 124790
UDIN: 23124790BGVIKD8272

Place of Signature: Mumbai
Date: April 21, 2023

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

(i) The Company has not capitalized any Property, Plant and Equipment or intangible assets in the books of the Company and accordingly, the requirement to report on clause 3(i) of the Order is not applicable to the Company.

(ii) (a) The Company's business does not require maintenance of inventories and accordingly, the requirements to report on clause 3(ii)(a) of the Order is not applicable to the Company and hence not commented upon.

(b) The Company has not been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) to 3(iii)(f) of the Order is not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Sections 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and other statutory dues applicable to it. Customs duty and excise duty are not applicable to the Company.

(b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, value added tax, goods and services tax, cess and other statutory dues applicable to it were outstanding, at the year end, for a period of more than six months from the date they became payable. Customs duty and excise duty are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and services tax, cess and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause 3(ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause 3(ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause 3(ix)(d) of the Order is not applicable to the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary. The Company does not have any joint ventures or associate companies.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary.The Company does not have any joint venturesorassociate companies. Hence, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) According to the information and explanations given by the management, the Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, reporting under clause 3(x)(a) is not applicable to the Company and hence not commented upon.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii)(a) to (c) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with Section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) of the Order in so far as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) (a) The Company has implemented internal audit system on a voluntary basis which is commensurate with the size of the Company and nature of its business though it is not required to have an internal audit system under Section 138 of the Companies Act, 2013.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Companies Act, 2013.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 19 (iv) to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us, the provisions of Section 135 of the Companies Act 2013 are not applicable to the Company. Accordingly, the requirement to report on clause 3(xx) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Anant Acharya
Partner
Membership Number: 124790
UDIN: 23124790BGVIKD8272

Place of Signature: Mumbai
Date: April 21, 2023

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ITC INTEGRATED BUSINESS SERVICES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of ITC Integrated Business Services Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Anant Acharya
Partner

Place of Signature: Mumbai
Date: April 21, 2023

Membership Number: 124790
UDIN: 23124790BGVIKD8272

ITC INTEGRATED BUSINESS SERVICES LIMITED
(Formerly known as ITC Investments & Holdings Limited)
BALANCE SHEET AS AT 31ST MARCH, 2023

	Note	As at 31st March, 2023 (₹ in lakhs)		As at 31st March, 2022 (₹ in lakhs)		As at 1st April, 2021 (₹ in lakhs)	
ASSETS							
Non-current assets							
(a) Financial Assets							
(i) Investments	3	451.63		451.63		451.63	
(b) Deferred tax assets (Net)	4	0.11		–		–	
(c) Income Tax Assets (Net)	5	0.35	452.09	0.37	452.00	0.19	451.82
Current assets							
(a) Financial Assets							
(i) Investments	6	85.12		–		–	
(ii) Cash and cash equivalents	7	0.80		0.84		1.35	
(iii) Other Bank Balances	8	49.25		94.98		93.66	
(iv) Others	9	0.52	135.69	0.37	96.19	0.48	95.49
(b) Other current assets	10		–		–		0.01
TOTAL ASSETS			**587.78**		**548.19**		**547.32**
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share Capital	11	450.00		450.00		450.00	
(b) Other Equity		101.93	551.93	97.69	547.69	96.82	546.82
Liabilities							
Current liabilities							
(a) Financial Liabilities							
(i) Other financial liabilities	12	6.86		0.49		0.49	
(b) Other current liabilities	13	28.99	35.85	0.01	0.50	0.01	0.50
TOTAL EQUITY AND LIABILITIES			**587.78**		**548.19**		**547.32**

The accompanying notes 1 to 20 are an integral part of the Financial Statements.

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number : 324982E/E300003

On behalf of the Board

Anant Acharya
Partner
Mumbai, April 21, 2023

S. DUTTA *Chairman* T.S.M. SHENOY *Director*
Kolkata, April 21, 2023

ITC INTEGRATED BUSINESS SERVICES LIMITED
(Formerly known as ITC Investments & Holdings Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

		Note	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
I	Revenue from operations	14	60.19	–
II	Other income	15	4.95	4.75
III	**Total Income (I+II)**		**65.14**	**4.75**
IV	**EXPENSES**			
	Employee benefits expense	16	57.91	2.42
	Other expenses	17	1.50	1.14
	Total Expenses (IV)		**59.41**	**3.56**
V	**Profit before tax (III - IV)**		**5.73**	**1.19**
VI	Tax expense:			
	Current tax	18A	1.59	0.32
	Deferred tax	18A	(0.10)	–
VII	**Profit for the year (V - VI)**		**4.24**	**0.87**
VIII	**Other Comprehensive Income**		–	–
IX	**Total Comprehensive Income for the year (VII + VIII)**		**4.24**	**0.87**
X	Earnings per equity share (Face Value ₹ 10.00 each) (Basic and Diluted) (in ₹)	19(i)	0.09	0.02

The accompanying notes 1 to 20 are an integral part of the Financial Statements.

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number : 324982E/E300003

On behalf of the Board

Anant Acharya
Partner
Mumbai, April 21, 2023

S. DUTTA *Chairman* T.S.M. SHENOY *Director*
Kolkata, April 21, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

A. Equity Share Capital

(₹ in lakhs)

	Balance at the beginning year of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2023	**450.00**	**–**	**450.00**
For the year ended 31st March, 2022	450.00	–	450.00

B. Other Equity

(₹ in lakhs)

FY 2022-23	Reserves & Surplus	Total
	Retained Earnings	
Balance as at 1st April, 2022	**97.69**	**97.69**
Profit for the year	4.24	4.24
Other Comprehensive Income for the year (net of tax)	–	–
Total Comprehensive Income for the year	**4.24**	**4.24**
Balance as at 31st March, 2023	**101.93**	**101.93**

(₹ in lakhs)

FY 2021-22	Reserves & Surplus	Total
	Retained Earnings	
Balance as at 1st April, 2021	**96.82**	**96.82**
Profit for the year	0.87	0.87
Other Comprehensive Income for the year (net of tax)	–	–
Total Comprehensive Income for the year	**0.87**	**0.87**
Balance as at 31st March, 2022	**97.69**	**97.69**

Retained Earnings: This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 20 are an integral part of the Financial Statements.

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number : 324982E/E300003

On behalf of the Board

Anant Acharya
Partner
Mumbai, April 21, 2023

S. DUTTA *Chairman* T.S.M. SHENOY *Director*
Kolkata, April 21, 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	5.73	1.19
Interest income on Banks Deposits	(4.82)	(4.75)
Interest on Income tax refund	(0.01)	–
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**0.90**	(3.56)
ADJUSTMENTS FOR:		
Other current assets	–	0.01
Other financial liabilities and Other liabilities	35.36	–
CASH GENERATED FROM / (USED IN) OPERATIONS	**36.26**	(3.55)
Income tax paid	(1.56)	(0.51)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	**34.70**	**(4.06)**
B. Cash Flow from Investing Activities		
Purchase of current investments	(85.12)	–
Interest received on deposits with Banks	4.65	4.86
Investment in bank deposits (original maturity less than 3 months)	(90.00)	–
Investment in bank deposits (original maturity more than 3 months)	(52.26)	(52.86)
Redemption / maturity of bank deposits (original maturity more than 3 months)	97.99	51.55
Redemption / maturity of bank deposits (original maturity less than 3 months)	90.00	–
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	**(34.74)**	**3.55**
C. Cash Flow from Financing Activities	–	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(0.04)**	**(0.51)**
OPENING CASH AND CASH EQUIVALENTS	**0.84**	**1.35**
CLOSING CASH AND CASH EQUIVALENTS (Note 7)	**0.80**	**0.84**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".

The accompanying notes 1 to 20 are an integral part of the Financial Statements.

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number : 324982E/E300003

On behalf of the Board

Anant Acharya
Partner
Mumbai, April 21, 2023

S. DUTTA *Chairman* T.S.M. SHENOY *Director*
Kolkata, April 21, 2023

Notes to the Financial Statements

Company Information

ITC Integrated Business Services Limited (IIBSL, hereinafter referred to as "the Company") (formerly known as ITC Investments & Holdings Limited), a 100% subsidiary of ITC Limited, is a Public Limited Company with its registered office in Kolkata, West Bengal, India.

ITC Investments & Holdings Limited was an 'unregistered Core Investment Company' within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016.

Consequent to the commencement of new business of shared services, the Company has ceased to be an unregistered Core Investment Company and the name of the Company has been changed to ITC Integrated Business Services Limited w.e.f. 20th December, 2022.

1. **First Time Adoption of Ind AS and Statement of Compliance**

   (i) Up to the year ended 31st March, 2022, the Company, being an 'unregistered Core Investment Company' prepared its financial statements in accordance with the requirements of generally accepted accounting principles in India and the Standards notified under the Companies (Accounting Standards) Rules, 2006. Upon cessation of being an 'unregistered Core Investment Company', the Company has adopted Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. These are the Company's first Ind AS financial statements.

   (ii) Ind AS 101 (First-time Adoption of Indian Accounting Standards) provides a suitable starting point for accounting in accordance with Ind AS and is required to be mandatorily followed by first-time adopters. Such Standards require the Company to prepare the opening Balance Sheet as per Ind AS as of 1st April, 2021 (the transition date). The Company has accordingly prepared its opening Balance Sheet under Ind AS. Upon transition to Ind AS, no material change has been recognised. Accordingly, no impact of such transition has been made in the retained earnings of the Company. Further, no material exemptions and exceptions permitted on first time adoption of Ind AS has been availed.

   (iii) The profit after tax, equity and cash flow statement in previous GAAP do not have reconciling item with those reported under Ind AS. Consequently, no reconciliations have been presented.

2. **Significant Accounting Policies**

   Basis of Preparation

   The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

   Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

   The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

   Operating Cycle

   All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 - Presentation of Financial Statements based on the nature of products or services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

   Property, Plant and Equipment – Tangible Assets

   Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

   An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight-line basis. Land is not depreciated.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

Intangible Assets

Intangible assets represent purchased software. Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include license fees and costs of implementation/ system integration services. The costs are capitalised in the year in which the relevant software is implemented for use and is amortised on the straight-line method over a period not exceeding 5 years. Intangible assets' useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Impairment of Assets

Impairment loss, if any, is provided to the extent that the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's fair value less costs to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Investment in Subsidiary

Investment in subsidiary is carried at cost less accumulated impairment, if any.

Financial instruments, Financial assets, Financial liabilities and Equity instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include investments advances, trade receivables, cash and cash equivalents. Such assets are initially recognised at fair value or transaction price, as applicable, when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

The financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on their fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, advances, security deposits, cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are de-recognised when the right to receive cash flows from the assets has expired, or has been transferred and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Trade payables and other financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are de-recognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Revenue from sale of services

Revenue is measured at the transaction price that the Company receives or expects to receive as consideration for services rendered, net of returns and discounts to customers.

Revenue from sale of services is recognised, net of allowances, if any, when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of services is in the period in which such services are rendered. Revenue excludes amounts collected on behalf of third parties, such as sales tax, value added tax and goods and services tax.

Amounts received or billed in advance of services performed are presented as unearned revenue (contract liabilities). Unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms.

Employee Benefits

The Company makes contribution to defined contribution Scheme. Contributions to Provident Fund are in the nature of defined contribution scheme which are deposited with the Government and recognised as expense.

For defined benefit scheme, if any, the cost of providing benefit is calculated by an independent actuary using the project unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of re-measurements are recognised immediately through other comprehensive income in the period in which they occur.

Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Use of Estimates & Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no material judgements or sources of estimates uncertainty which may impact these financial statements materially.

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2023 (₹ in lakhs) Unquoted	As at 31st March, 2022 (₹ in lakhs) Unquoted	As at 1st April, 2021 (₹ in lakhs) Unquoted
3. Non- current investments			
INVESTMENT IN EQUITY INSTRUMENTS			
In Subsidiary (at cost)			
MRR Trading & Investment Company Limited			
50,000 Equity Shares of ₹ 10.00 each, fully paid	451.63	451.63	451.63
TOTAL	**451.63**	**451.63**	**451.63**

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)	As at 1st April, 2021 (₹ in lakhs)
4. Deferred tax assets (Net)			
Deferred tax assets	0.14	–	–
Less: Deferred tax liabilities	0.03	–	–
TOTAL	**0.11**	–	–

Movement in Deferred tax assets / (liabilities) balances (₹ lakhs)

2022-23	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax assets / (liabilities) in relation to :				
On other timing differences	–	0.14	–	0.14
Total deferred tax assets	–	**0.14**	–	**0.14**
On current investments - FVTPL	–	0.03	–	0.03
Total deferred tax liabilities	–	**0.03**	–	**0.03**
Deferred tax assets / (liabilities) (Net)	-	**0.11**	-	**0.11**

2021-22	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax assets / (liabilities) in relation to :				
On other timing differences	–	–	–	–
Total deferred tax assets	–	–	–	–
On current investments - FVTPL	–	–	–	–
Total deferred tax liabilities	–	–	–	–
Deferred tax assets / (liabilities) (Net)	–	–	–	–

	As at 31st March, 2023 (₹ in lakhs) Non-Current	As at 31st March, 2022 (₹ in lakhs) Non-Current	As at 1st April, 2021 (₹ in lakhs) Non-Current
5. Income Tax Assets (Net)			
Income Tax Assets (net of provisions)	0.35	0.37	0.19
TOTAL	**0.35**	0.37	0.19

	As at 31st March, 2023 (₹ in lakhs) Unquoted	As at 31st March, 2022 (₹ in lakhs) Unquoted	As at 1st April, 2021 (₹ in lakhs) Unquoted
6. Current investments			
INVESTMENT IN MUTUAL FUNDS (at fair value through profit or loss)			
Axis Liquid Fund	85.12	–	–
3,427 (2022 : Nil, 2021 : Nil) units of ₹ 1000.00 each			
TOTAL	**85.12**	–	–

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)	As at 1st April, 2021 (₹ in lakhs)
7. Cash and cash equivalents@			
Balances with banks			
Current accounts	0.80	0.84	1.35
TOTAL	**0.80**	**0.84**	**1.35**

@ Cash and cash equivalents include cash on hand, cheques, cash at bank, deposits with banks with original maturity of 3 months or less etc., as applicable.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)	As at 1st April, 2021 (₹ in lakhs)
8. Other bank balances			
In deposit accounts *	49.25	94.98	93.66
TOTAL	**49.25**	**94.98**	**93.66**

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Balance Sheet date.

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)	As at 1st April, 2021 (₹ in lakhs)
9. Other financial assets			
Current			
Interest accrued on deposits	0.52	0.37	0.48
TOTAL	**0.52**	**0.37**	**0.48**

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)	As at 1st April, 2021 (₹ in lakhs)
10. Other current assets			
Current			
Prepaid expenses	–	–	0.01
TOTAL	–	–	**0.01**

	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in lakhs)	As at 1st April, 2021 (No. of Shares)	As at 1st April, 2021 (₹ in lakhs)
11. Equity Share capital						
Authorised						
Equity Shares of ₹ 10.00 each	1,00,00,000	1,000.00	1,00,00,000	1,000.00	1,00,00,000	1,000.00
Issued and Subscribed						
Equity Shares of ₹ 10.00 each fully paid	45,00,000	450.00	45,00,000	450.00	45,00,000	450.00
A) Reconciliation of number of Equity Shares outstanding						
As at beginning and at the end of the year	45,00,000	450.00	45,00,000	450.00	45,00,000	450.00

B) Shareholders holding more than 5% of the Equity Shares in the Company

	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 (%)	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (%)	As at 1st April, 2021 (No. of Shares)	As at 1st April, 2021 (%)
ITC Limited - the Holding Company	45,00,000	100.00	45,00,000	100.00	45,00,000	100.00

C) Rights, preferences and restrictions attached to the Equity Shares

The Equity Shares of the Company, having par value of ₹ 10.00 per share, rank *pari passu* in all respects including voting rights and entitlement to dividend.

D) Shares held by promoter

	Promoter Name	As at 31st March, 2023			As at 31st March, 2022			As at 1st April, 2021		
		No. of Shares	% of total Shares	% Change during the year	No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
Equity Shares of ₹10.00 each fully paid	ITC Limited	45,00,000	100.00	–	45,00,000	100.00	–	45,00,000	100.00	–
Total		**45,00,000**	**100.00**	–	45,00,000	100.00	–	45,00,000	100.00	–

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)	As at 1st April, 2021 (₹ in lakhs)
12. Other financial liabilities			
Current			
Others (Liabilities for expenses)	0.49	0.49	0.49
Employee payables	6.37	–	–
TOTAL	**6.86**	**0.49**	**0.49**

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)	As at 1st April, 2021 (₹ in lakhs)
13. Other current liabilities			
Current			
Statutory liabilities	28.99	0.01	0.01
TOTAL	**28.99**	**0.01**	**0.01**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
14. Revenue from operations		
Sale of Services	60.19	–
TOTAL	**60.19**	–
15. Other income		
Interest income	4.83	4.75
Other gains and losses	0.12	–
TOTAL	**4.95**	**4.75**
Interest income comprises interest from:		
a) Deposits with banks - carried at amortised cost	4.82	4.75
b) Others (from statutory authorities)	0.01	–
TOTAL	**4.83**	**4.75**
Other gains and losses:		
Net gain arising on financial assets (current investments) mandatorily measured at FVTPL	0.12	–
TOTAL	**0.12**	–
16. Employee benefits expense		
Salaries and wages	57.26	2.36
Contribution to Provident and other funds	0.38	–
Staff welfare expenses	0.27	0.06
TOTAL	**57.91**	**2.42**
17. Other expenses		
Rates and taxes	0.27	0.06
Information technology services	0.13	–
Insurance	0.06	0.06
Auditors' remuneration and expenses		
Audit fees*	0.64	0.64
Bank charges	...	0.01
Consultancy / Professional fees	0.40	0.37
TOTAL	**1.50**	**1.14**

* Including taxes

18. Income tax expenses

A. Amount recognised in profit or loss

	2023	2022
Current tax		
Income tax for the period	1.55	0.32
Adjustments / (credits) related to previous years - Net	0.04	...
Total current tax	**1.59**	**0.32**
Deferred tax		
Deferred tax for the year	(0.10)	–
Total deferred tax	**(0.10)**	–
TOTAL	**1.49**	**0.32**

B. Reconciliation of effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2023	2022
Profit before tax	5.73	1.19
Income tax expense calculated @ 25.168%	1.44	0.30
Other differences	0.01	0.02
Total	**1.45**	**0.32**
Adjustments recognised in the current year in relation to the current tax of prior years	0.04	...
Income tax recognised in profit or loss	**1.49**	**0.32**

The tax rate used for the above reconciliations is the corporate tax rate of 25.168% (22% + surcharge @ 10% + cess @ 4%) payable on taxable profits under the Income-tax Act, 1961.

19. Additional Notes to the Financial Statements

(i) **Earnings per share:**

		2023	2022
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in lakhs)	4.24	0.87
(b)	Weighted average number of Equity Shares outstanding	45,00,000	45,00,000
(c)	Earnings per share on profit for the year (Face Value ₹ 10.00 per share) - Basic & Diluted [(a)/(b)] (in ₹)	0.09	0.02

(ii) **Segment Reporting:**

The Company operates in a single business and geographical segment in India. The entity-wide disclosures are as under:

(₹ in lakhs)

	2023	2022	2021
Non-current assets (in India)	**0.35**	0.37	0.19

The Company has one customer (in India) from whom it generates revenue of ₹ 60.19 lakhs (2022: Nil)

The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors, which is the Chief Operating Decision Maker for the Company.

(iii) **Related Party Disclosures:**

(a) **RELATIONSHIP:**

(i) **Holding Company:**

- ITC Limited

(ii) **Subsidiary Company:**

- MRR Trading & Investment Company Limited

(iii) **Key Management Personnel:**

- Mr. R. Tandon — Chairman & Non-Executive Director (upto 21.07.2022)
- Mr. S. Dutta — Chairman (w.e.f. 22.07.2022) & Non-Executive Director
- Ms. N. Bajaj — Non-Executive Director
- Mr. A. Mukherji — Additional Non-Executive Director (w.e.f. 21.04.2023)
- Mr. J. Singh — Additional Non-Executive Director (w.e.f. 21.04.2023)
- Mr. T.S.M. Shenoy — Non-Executive Director

(b) **DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES FOR THE YEAR AND THE STATUS OF OUTSTANDING BALANCES AS AT THE YEAR END :**

(₹ in Lakhs)

	Related Party Transaction Summary	Holding Company		Total	
		2023	2022	**2023**	2022
1.	Sale of Services	**71.02**	–	**71.02**	–
2.	Purchase of Internal audit services	**0.24**	0.24	**0.24**	0.24

(iv) **Financial Ratios:**

Particulars	Numerator	Denominator	31st March, 2023	31st March, 2022
Current Ratio (in times)[1]	Current Assets	Current Liabilities	3.78	192.38
Return on Equity ratio (in %)[2]	Profit for the year	Average Shareholder's Equity	0.77	0.16
Net capital turnover ratio (in times)[2]	Revenue from operations	Working Capital (Current assets- Current liabilities)	0.60	N.A.
Net Profit ratio (in %)[2]	Profit for the year	Revenue from operations	7.04	N.A.
Return on Capital employed (in %)[2]	Profit before interest and taxes (PBIT)	Average Capital Employed	1.04	0.22
Return on investment (in %)	Income from Investment	Time Weighted Average Investments	...	N.A.

Note: Debt Equity Ratio, Debt Service Coverage Ratio, Inventory Turnover Ratio, Trade Receivables Turnover Ratio and Trade Payables Turnover Ratio are not applicable for the Company.

1. Higher statutory liabilities as at the current reporting date w.r.t. Tax Deducted at Source (TDS) & Goods and Services Tax.
2. Service income [₹ 60.19 lakhs in the current year] from new stream of business net-off relevant expenses resulted in higher profit / return during the year.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(v) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

- Ind AS 1 'Presentation of Financial Statements' - This amendment requires companies to disclose their material accounting policies rather than their significant accounting policies.
- Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments clarify how companies account for deferred tax on transactions such as leases.
- Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – This amendment has introduced a definition of 'accounting estimates' and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. Based on a preliminary evaluation, the Company does not expect any material impact on the financial statements resulting from the implementation of these amendments.

20. Financial Instruments and Related Disclosures

a. Capital Management

The Company funds its operations mainly through internal accruals and does not have any borrowings. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

b. Categories of Financial Instruments (₹ in lakhs)

Particulars	Note	As at 31st March, 2023		As at 31st March, 2022		As at 1st April, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets							
a) Measured at amortised cost							
i) Cash and cash equivalents	7	0.80	0.80	0.84	0.84	1.35	1.35
ii) Other Bank Balances	8	49.25	49.25	94.98	94.98	93.66	93.66
iii) Other financial assets	9	0.52	0.52	0.37	0.37	0.48	0.48
Sub - total		**50.57**	**50.57**	**96.19**	**96.19**	**95.49**	**95.49**
b) Measured at Fair value through Profit or Loss							
i) Investment in Mutual Funds	6	85.12	85.12	–	–	–	–
Sub - total		**85.12**	**85.12**	–	–	–	–
Total financial assets		**135.69**	**135.69**	**96.19**	**96.19**	**95.49**	**95.49**
B. Financial liabilities							
a) Measured at amortised cost							
i) Other financial liabilities	12	6.86	6.86	0.49	0.49	0.49	0.49
Total financial liabilities		**6.86**	**6.86**	**0.49**	**0.49**	**0.49**	**0.49**

c. Financial risk management objectives

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulations. It also seeks to drive accountability in this regard.

Market Risk

As the Company is debt-free, there is no exposure to interest rate risk.

The Company's investments are predominantly held in debt mutual funds and fixed deposits etc. within approved policies and procedures guided by the tenets of liquidity, safety and return. This ensures that investments are only made within acceptable risk parameters.

The Company invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

Fixed deposits are held with highly rated banks and companies, have a short tenure and are not subject to interest rate volatility.

Liquidity Risk

The Company's Current assets aggregate ₹ 135.69 lakhs (2022 : ₹ 96.19 lakhs, 2021 : ₹ 95.50 lakhs) including Current Investments, Cash and cash equivalents, and Other Bank Balances of ₹ 135.17 lakhs (2022 : ₹ 95.82 lakhs, 2021 : ₹ 95.01 lakhs), against an aggregate Current liability of ₹ 35.85 lakhs (2022 : ₹ 0.50 lakh, 2021 : ₹ 0.50 lakh) on the reporting date.

In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

Credit Risk

The risk management framework of the Company is designed to bring robustness to the risk management processes within the Company. With respect to the Company's investing activities, counter parties are shortlisted and exposure limits determined on the basis of their credit rating, financial statements and other relevant information. The counter party risk is considered insignificant.

Concentrations of credit risk with respect to trade receivables are limited as the Company's major customer is its Holding Company. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. Based on the assessment of financial assets, no loss provision is considered necessary.

d. Fair value measurement

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market or Net Asset Value (NAV) for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The fair value of Financial liabilities, where applicable, is determined using market observable inputs such as quotes from market participants, value published by the issuer etc.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted methodologies such as discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The fair value of trade payables and other Current financial assets and liabilities, where applicable, is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. The sensitivity of change in the unobservable inputs used in fair valuation of Level 3 financial assets and liabilities does not have a significant impact on their value. There were no transfers between Level 1, Level 2 and Level 3 during the year.

The following table presents the fair value hierarchy of assets measured at fair value:

(₹ in lakhs)

Particulars	Fair Value Hierarchy (Level)	Fair Value		
		As at 31st March, 2023	As at 31st March, 2022	As at 1st April, 2021
A. Financial assets				
Measured at Fair value through Profit or Loss				
Investment in Mutual Funds	1	85.12	–	–

On behalf of the Board

Kolkata, April 21, 2023 S. DUTTA *Chairman* T.S.M. SHENOY *Director*

ITC INTEGRATED BUSINESS SERVICES LIMITED

Form AOC-1

[Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of Subsidiaries/Associate companies/Joint Ventures

Part A : Subsidiaries

1.	**SI. No.**	:	1
2.	**Name of the Subsidiary**	:	MRR Trading & Investment Company Limited
3.	**The date since when Subsidiary was acquired**	:	30th March, 2015
4.	**Reporting period for the Subsidiary concerned, if different from the holding company's reporting period**	:	Year ended 31st March, 2023 (same as Holding Company)
5.	**Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries**	:	Not Applicable
			(₹ in lakhs)
6.	**Share Capital**	:	5.00 (50,000 Equity Shares of ₹ 10.00 each)
7.	**Reserve & Surplus**	:	(3.02)
8.	**Total Assets**	:	5.74
9.	**Total Liabilities (excluding Total Equity)**	:	3.76
10.	**Investments (excluding Investments made in subsidiaries)**	:	–
11.	**Turnover***	:	7.25
12.	**Profit before taxation**	:	0.37
13.	**Provision for taxation**	:	(0.09)
14.	**Profit after taxation**	:	0.28
15.	**Proposed Dividend**	:	–
16.	**% of Shareholding**	:	100.00

* Turnover includes Other Income and Other Operating Revenue.

Notes: i) Names of Subsidiaries which are yet to commence operations : None

ii) Names of Subsidiaries which have been liquidated or sold during the year : None

Part B : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures

Not Applicable

On behalf of the Board

Kolkata, April 21, 2023 S. DUTTA *Chairman* T.S.M. SHENOY *Director*

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. Your Directors submit their Report for the financial year ended 31st March, 2023.

2. **PERFORMANCE OF THE COMPANY**

During the year, your Company earned revenue of ₹ 7.20 lakhs from its operations (previous year: ₹ 7.20 lakhs), with total income being ₹ 7.25 lakhs (previous year: ₹ 7.25 lakhs). Your Company recorded Net Profit for the year of ₹ 0.28 lakh (previous year: ₹ 0.13 lakh). The Company continues to provide estate maintenance services.

3. **DIRECTORS**

During the year, there was no change in the composition of the Board of Directors of your Company ('the Board').

In accordance with the provisions of Section 152(6) of the Companies Act, 2023 ('the Act') read with the Articles of Association of the Company, Mr. Peter Claude Rasquinha (DIN: 09237557), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

4. **BOARD MEETINGS**

Five meetings of the Board were held during the year ended 31st March, 2023.

5. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

6. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

7. **PARTICULARS OF EMPLOYEES**

The requirements of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

Further, the requirement relating to constitution of Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is also not applicable to the Company.

8. **RISK MANAGEMENT**

The Company's risk management framework, designed to bring robustness to the risk management processes in the Company, addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

The Internal Auditor of the Company periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

9. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the Financial Statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Board, which provides guidance on internal controls, also reviews internal audit findings and implementation of internal audit recommendations, if any.

During the year, the internal financial controls in the Company with respect to the Financial Statements were tested and no weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

10. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year ended 31st March, 2023, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

11. **RELATED PARTY TRANSACTIONS**

During the year under review, the related party transactions entered into by the Company were in the ordinary course of business and at arm's length. The details of material related party transactions entered into by the Company during the year ended 31st March, 2023 in the prescribed Form No. AOC-2 are enclosed as Annexure to this Report.

12. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

During the year under review, no orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

13. **COST RECORDS**

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

14. **STATUTORY AUDITORS**

Messrs. Deloitte Haskins & Sells, Chartered Accountants ('Deloitte'), were appointed as the Statutory Auditors of your Company at the Forty-First AGM held on 15th June, 2022 to hold such office till the conclusion of the Forty-Sixth AGM. Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of Deloitte for the financial year 2023-24. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

15. **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

16. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

During the year under review, there has been no foreign exchange earnings or outflow.

On behalf of the Board

	S. Kar	**P. Rasquinha**
	Director	**Director**
Dated : 21st April, 2023	**DIN: 09523841**	**DIN: 09237557**

Annexure to the Report of the Board of Directors for the financial year ended 31st March, 2023

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited (ITC), the Ultimate Holding Company
b)	Nature of contracts / arrangements / transactions	Rendering of estate maintenance services to ITC
c)	Duration of the contracts / arrangements / transactions	One year from 1st April, 2022 to 31st March, 2023
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Receipt of Service Charges @ Rs.7.20 lakhs per annum
e)	Date(s) of approval by the Board, if any	10th January, 2022
f)	Amount paid as advances, if any	Nil

On behalf of the Board

	S. Kar	**P. Rasquinha**
	Director	**Director**
Dated : 21st April, 2023	**DIN: 09523841**	**DIN: 09237557**

INDEPENDENT AUDITOR'S REPORT

To The Members of MRR Trading & Investment Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **M R R Trading and Investment Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report , but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated
- When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 SAs 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 SAs, we exercise professional judgment and maintain professional skepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. (a) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (b) The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities.

      (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

      v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

      vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

Sumit Trivedi
(Partner)
(Membership No. 209354)
UDIN:23209354BGXTBV4243

Place: Hyderabad
Date: April 21, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of M R R Trading and Investment Company Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

Sumit Trivedi
(Partner)
(Membership No. 209354)

Place: Hyderabad
UDIN:23209354BGXTBV4243
Date: April 21, 2023

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) As the Company does not hold any property, plant and equipment reporting under clause 3(i) of the Order is not applicable.

(ii) (a) The Company does not have any inventory and hence reporting under clause (ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.

(iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

(iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Services tax, Income-tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities. We have been informed that the provisions of the Provident Fund, Employees' State Insurance, Sales tax, duty of Customs, duty of Excise and Value added tax are not applicable to the Company.

There were no undisputed amounts payable in respect of Goods and Service tax, Income-tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.

(viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix)(a) of the Order is not applicable.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) The Company has not raised funds on short-term basis, hence reporting under clause (ix)(d) of the Order is not applicable.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The provisions of section 177 of the Companies Act, 2013 are not applicable to the Company

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto August 2022.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year. Hence, reporting under clause (xviii) of the Order is not applicable.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

(xxi) The Company does not have any subsidiaries, associates and joint ventures and hence reporting under clause (xxi) of the Order is not applicable.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

Sumit Trivedi
(Partner)
(Membership No. 209354)

Place: Hyderabad
Date: April 21, 2023

UDIN:23209354BGXTBV4243

Balance Sheet as at 31st March, 2023

(All amounts are in Indian Rupees Lakhs unless otherwise stated)

	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-Current Assets			
Advance tax and TDS receivables [Net of Provisions - ₹ 0.09 lakhs (March 31, 2022: ₹ 0.15 lakhs)]		0.05	0.10
Other Non-current financial assets	3	2.00	-
Other non-current assets	4	1.12	1.12
Total Non-Current Assets		**3.17**	1.22
Current Assets			
Financial assets			
Trade receivables	5	–	–
Cash and cash equivalents	6	2.57	5.65
Other Financial Assets	7	*	-
Total Current Assets		**2.57**	5.65
Total Assets		**5.74**	6.87
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	5.00	5.00
Other equity	9	(3.02)	(3.30)
Total Equity		**1.98**	1.70
Current Liabilities			
Financial liabilities			
Trade payables			
- total outstanding dues of micro enterprises and small enterprises		–	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	10	2.42	4.11
Other current liabilities		1.34	1.06
Total Current Liabilities		**3.76**	5.17
Total Equity and Liabilities		**5.74**	6.87

* Less than Rs. One thousand

See accompanying notes forming part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Sumit Trivedi
Partner
Place: Hyderabad
Date:

For and on behalf of the Board of Directors

Peter Rasquinha
Director
Place: Secunderabad
Date :

Saurabh Kar
Director

Statement of Profit and Loss for the year ended 31st March, 2023

(All amounts are in Indian Rupees Lakhs unless otherwise stated)

		Note	For the year ended March 31, 2023	For the year ended March 31, 2022
I	Revenue from operations	11	7.20	7.20
II	Other income	12	0.05	0.05
III	**Total Income (I+II)**		**7.25**	7.25
IV	**Expenses**			
	Other expenses	13	6.88	7.08
	Total expenses (IV)		**6.88**	7.08
V	**Profit Before Tax (III- IV)**		0.37	0.17
VI	**Tax Expense:**			
	Current tax	14	0.09	0.04
VII	**Profit for the year (V-VI)**		**0.28**	0.13
VIII	**Other Comprehensive Income**		–	–
IX	**Total Comprehensive Income for the Year (VII+VIII)**		**0.28**	0.13
	Earnings per Equity Share :			
	Basic and Diluted (Face value of ₹ 10 each)	16	0.56	0.25

See accompanying notes forming part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Sumit Trivedi
Partner
Place: Hyderabad
Date:

For and on behalf of the Board of Directors

Peter Rasquinha
Director
Place: Secunderabad
Date :

Saurabh Kar
Director

Cash Flow Statement for the year ended 31st March, 2023

(All amounts are in Indian Rupees Lakhs unless otherwise stated)

	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash Flows from Operating Activities		
Profit before tax	**0.37**	0.17
Adjustments for:		
Interest income	**(0.05)**	(0.05)
Operating Profit / (loss) before Working Capital Changes	**0.32**	0.12
Adjustments for:		
Decrease/ (Increase) in trade receivables	–	–
(Decrease)/Increase in trade payables and other liabilities	**(1.41)**	0.93
Cash generated from Operations	**(1.09)**	1.05
Net income tax (paid) / refunds	**(0.04)**	(0.14)
Net Cash generated from Operating Activities	**(1.13)**	0.91
Cash Flows from Investing Activities		
Interest Income	**0.05**	0.05
Term deposits placed during the year	**(2.00)**	–
Net Cash generated from Investing Activities	**(1.95)**	0.05
Cash flows from Financing Activities		
Net Cash generated from financing activities	–	–
Net Increase in Cash and Cash Equivalents	**(3.08)**	0.96
Cash and Cash Equivalents at the beginning of the year	**5.65**	4.69
Cash and Cash Equivalents at the end of the year (Refer Note 6)	**2.57**	5.65

See accompanying notes forming part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date:

For and on behalf of the Board of Directors

Peter Rasquinha
Director

Saurabh Kar
Director

Place: Secunderabad
Date:

Statement of changes in equity for the year ended 31st March, 2023

(All amounts are in Indian Rupees Lakhs unless otherwise stated)

	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Equity Share Capital:		
Balance as at April 1, 2022	**5.00**	5.00
Changes in Equity Share Capital during the year	–	–
Balance at March 31, 2023	**5.00**	5.00
B. Other Equity - Reserves & Surplus:		
Retained Earnings		
Balance as at April 1, 2022	**(3.30)**	(3.43)
Profit for the Year	**0.28**	0.13
Balance at March 31, 2023	**(3.02)**	(3.30)

See accompanying notes forming part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date:

For and on behalf of the Board of Directors

Peter Rasquinha
Director

Saurabh Kar
Director

Place: Secunderabad
Date:

Notes forming part of the Financial Statements
(All amounts are in Indian Rupees Lakhs unless otherwise stated)

1. Company Overview

The Company has tenancy rights in a commercial premise at Eucharistic Congress Building No. 1, 4th Floor, 5 Convent Street, Colaba, Mumbai – 400039. The premise is owned by Roman Catholic Cathedral Trust. The only source of income of this Company is from estate maintenance services of the aforesaid property.

2. Summary of Significant Accounting Policies

2.1 Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below and on accrual basis. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that a price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

2.2 Use of Estimates and Judgements

In view of the nature of the operations of the Company no significant assumption / judgement are applied in preparation of financial statements.

2.3 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

2.4 Financial instrument

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument in accordance with classification and measurement requirements of applicable Accounting Standards. Financial assets are derecognized when the rights to receive benefits have expired or been transferred, and the Company has transferred substantially all risks and rewards of ownership of such financial asset.

Financial liabilities, depending on their nature, are classified as amortised cost or fair value through profit & loss. Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2.5 Contingencies & Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.6 Revenue

Income from Estate Maintenance Services is recognized based on the contractual arrangement entered by the Company.

2.7 Leases

The Company's lease asset classes primarily consist of leases for Tenancy Right. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2020.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the under lying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense over the lease term.

2.8 Taxation

Income-tax expense comprises current tax and deferred tax charge or credit. Current tax is determined in accordance with the Income-tax Act, 1961. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

2.9 Earnings Per Share ('EPS')

Basic earnings per share ('EPS') is computed by dividing the net profit/(loss) attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit/(loss) attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the period, except where the results would be anti-dilutive.

2.10 Operating Segment

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is one of the Directors of the Company.

2.11 Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 based on the nature of services and their realisation in cash and cash equivalents.

3. Other Non-Current Financial Assets

	As at 31st March, 2023	As at 31st March, 2022
Term Deposits having original maturity more than 12 months*	2.00	–
TOTAL	**2.00**	–

* represents demand deposits with bank

4. Other Non-Current Assets

	As at 31st March, 2023	As at 31st March, 2022
Other deposits	1.12	1.12
TOTAL	**1.12**	1.12

5. Trade Receivables

	As at 31st March, 2023	As at 31st March, 2022
Unsecured and considered good	–	–
TOTAL	–	–

Note:
The credit period on sale of services generally ranges between 15 to 30 days. No interest is recovered on trade receivables for payment received after the due date. The Company's exposure to customers is relatively concentrated. Based on historical experience of collections from the customers, credit risk is minimal. There are no allowances for doubtful receivables, which have been determined based on practical expedients based on financial condition of the customer, ageing of receivables and historical experience of collections from customers.

Notes forming part of the Financial Statements (contd.)
(All amounts are in Indian Rupees Lakhs unless otherwise stated)

6. Cash and Cash Equivalents

	As at March 31, 2023	As at March 31, 2022
Balances with Banks: - In Current Account	2.57	5.65
TOTAL	**2.57**	5.65

7. Other Financial Assets

	As at March 31, 2023	As at March 31, 2022
Interest accrued on deposit	*	–
TOTAL	*	–

* Less than ₹ One thousands

8. Equity Share Capital

	As at March 31, 2023	As at March 31, 2022
Authorised Share Capital: 50,000 Equity Shares of Rs. 10 each	**5.00**	5.00
Issued, Subscribed and Paid-up Capital: 50,000 Equity Shares of Rs. 10 each	**5.00**	5.00

A) Reconciliation of number of Equity Shares outstanding

	No. of Shares	Share capital
Balance as at April 1, 2022	50,000	5.00
Add: Issued during the year	–	–
Balance as at March 31, 2023	50,000	5.00

B) Shareholders holding more than 5% of the Equity Shares in the Company:

	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	%	No. of Shares	%
ITC Integrated Business Services Limited (formerly ITC Investments & Holdings Limited) * and its Nominees	**50,000**	**100**	50,000	100

* 49,994 equity shares are held by ITC Integrated Business Services Limited (formerly ITC Investments and Holdings Limited), the Holding Company and the balance 6 equity shares are held by the nominees of the Holding Company jointly with the Holding Company. The Ultimate Holding Company is ITC Limited.

C) Rights, preferences and restrictions attached to the Equity Shares:

The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

D) Shareholding of Promoters

Share held by promoters at the end of the year	As at March 31, 2023			As at March 31, 2022		
Promoter Name	No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
ITC Integrated Business Services Limited (formerly ITC Investments & Holdings Limited)	50,000	100%	–	50,000	100%	–
Total	**50,000**	**100%**	–	50,000	100%	–

9. Other Equity

	As at March 31, 2023	As at March 31, 2022
Reserves and Surplus: **Retained Earnings** Retained Earnings comprise of the Company's undistributed earnings after taxes.	**(3.02)**	(3.30)
	(3.02)	(3.30)

10. Trade Payables

	As at March 31, 2023	As at March 31, 2022
Trade payables other than acceptances: (i) Total outstanding dues of micro enterprises and small enterprises (Refer note 17) (ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	– **2.42**	– 4.11
	2.42	4.11

Trade Payables Ageing

Particulars	Unbilled	Outstanding for following periods from due date of payment				Total
As at March 31, 2023		Less than 1 year	1-2 years	2-3 years	more than 3 years	
MSME	-	-	-	-	-	-
Others	2.42	-	-	-	-	2.42
Disputed dues – MSME	-	-	-	-	-	-
Disputed dues – Others	-	-	-	-	-	-
Total	**2.42**	-	-	-	-	**2.42**

Particulars	Unbilled	Outstanding for following periods from due date of payment				Total
As at March 31, 2022		Less than 1 year	1-2 years	2-3 years	more than 3 years	
MSME	–	–	–	–	–	–
Others	4.11	-	-	-	-	4.11
Disputed dues – MSME	-	-	-	-	-	-
Disputed dues – Others	-	-	-	-	-	-
Total	**4.11**	-	-	-	-	**4.11**

Notes forming part of the Financial Statements (contd.)
(All amounts are in Indian Rupees Lakhs unless otherwise stated)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
11. Revenue from Operations		
Sale of Services	7.20	7.20
TOTAL	7.20	7.20
12. Other Income		
Interest on		
- Other Deposits	0.05	0.05
- Bank Fixed Deposits	*	-
- Income Tax Refund	*	-
TOTAL	0.05	0.05
* Less than ₹ One thousand		
13. Others Expenses		
Rent	0.93	0.89
Rates and taxes	2.66	2.69
Maintenance and upkeep expenses	2.25	2.42
Bank charges	*	*
Payments to auditors	0.15	0.15
Consultancy and Professional fees	0.47	0.57
Miscellaneous expenses	0.42	0.36
TOTAL	6.88	7.08
* Less than ₹ One thousand		
13(a) Payment to Auditors (excluding taxes)		
– Statutory Audit	0.15	0.15
TOTAL	0.15	0.15
14. Tax Expense		
Profit before income tax	0.37	0.17
Enacted tax rates	25.17%	25.17%
Income tax expense	0.09	0.04
TOTAL	0.09	0.04
15. Contingent liabilities		
Claims against the Company not acknowledged as Debts:	–	–
TOTAL	–	–

16. Earnings per share

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Computation of earnings per share is set out below: Net Profit attributable to Equity Shareholders (A)(Rs. In lakhs)	0.28	0.13
Weighted Average Number of Equity Shares outstanding during the year (B) (Nos.)	50,000	50,000
Face Value of Equity Share (Rs.)	10	10
Earnings Per Share (Basic and Diluted) (A/B) (Rs.)	0.56	0.25

17. Segment Information

The Board of Directors of the Company have identified one of the directors as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108 Operating Segments. The Company's activities involve providing estate maintenance services which is considered to be a single business segment since these are subject to similar risks and returns. Further, the business is carried out in India and hence there are no reportable geographical segments.

The entity-wide disclosures are as under:

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Customer Information	The Company's revenue from operations arises entirely (100%) from sale of services to the Ultimate Holding Company	The Company's revenue from operations arises entirely (100%) from sale of services to the Ultimate Holding Company
Non-current Assets (In India)	3.17	1.22

18. Related Party Disclosures

a) Details of Related Parties

Name	**Relationship**
ITC Limited	Ultimate Holding Company
ITC Integrated Business Services Limited (formerly ITC Investments & Holdings Limited)	Holding Company
Key Management Personnel (KMP):	**Relationship**
Peter Rasquinha	Non-Executive Director
Saurabh Kar	Non-Executive Director
B.R. Chaudhuri	Non-Executive Director

b) Details of Related Party Transactions:

Description	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
ITC Limited:		
Consultancy and Professional fees	0.12	0.12
Sale of Services – Estate Management Services	7.20	7.20
Reimbursement of Maintenance and upkeep expenses	2.93	–

19. The Company, based on the information available on the status of the suppliers, does not have any dues to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

20. Ratios:

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

Particulars	As at March 31, 2023	As at March 31, 2022	Variance	Reason for Variance
Current ratio	0.68	1.09	-38%	Reduction in current assets due to term deposit placed during the year
Debt-Equity ratio	–	–	NA	There is no debt with the Company, hence the ratios are not applicable
Debt Service Coverage ratio	–	–	NA	
Return on Equity ratio	15.22	7.93	92%	Due to increase in profit
Return on Capital employed ratio	18.69	10.00	87%	Due to increase in profit
Trade Payables turnover ratio	2.98	1.75	70%	Due to decrease in trade payable
Net Profit Ratio	0.04	0.02	100%	Due to increase in profit
Trade Receivables turnover ratio	–	–	–	There are no closing trade receivables.
Return on investment	–	–	NA	There are no Investments / Inventories, hence these ratiosare not applicable.
Inventory turnover ratio	–	–	NA	
Net capital turnover ratio	(6.02)	15.04	-140%	Reduction in Current Asset due to term deposit placed during the year

Particulars	Numerator	Denominator
Current ratio	Current Assets (CA)	Current Liabilities (CL)
Debt-Equity ratio	Total Debt	Shareholders equity
Debt Service Coverage ratio	Profit after tax + Interest cost + Depreciation	Debt Service
Return on Equity ratio	Profit after tax	Average Shareholders equity
Return on Capital employed ratio	Earning before Interest and tax	Capital Employed (Tangible Networth+Total Debt + Deferred Tax liability)
Trade Payables turnover ratio	Sales (Revenue from Operations)	Closing Trade Payables
Net Profit Ratio	Profit after tax	Sales (Revenue from Operations)
Trade Receivables turnover ratio	Sales (Revenue from Operations)	Closing Trade Receivables
Return on investment	Income generated from investments	Average Investment made
Inventory turnover ratio	Sales (Revenue from Operations)	Average inventory
Net capital turnover ratio	Sales (Revenue from Operations)	Working Capital= CA-CL

Notes forming part of the Financial Statements (contd.)

(All amounts are in Indian Rupees Lakhs unless otherwise stated)

21. The Company is holding tenancy rights of the property in Mumbai taken on rent, which rights are governed by the Maharashtra Rent Control Act, 1999. The lease period is not explicit in the terms of this arrangement and therefore the lease liability cannot be estimated reliably for future period. Further, considering materiality, such tenancy rights are accounted for, on the basis of rent paid on a periodical basis which is more representative of the pattern of the lessee's benefit.

22. Financial Instruments and Related Disclosures

a) Capital Management:

The Company funds its operations mainly through internal accruals. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds in order to carry on the operations of its businesses as a going concern. The carrying amounts of trade payables and cash and cash equivalents are considered to be the same as their fair values due to their short term nature.

b) Categories of Financial Instruments

	Note	As at March 31, 2023		As at March 31, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets (Measured at amortised cost)					
Other Non-Current Financial Assets	3	2.00	2.00	–	–
Cash and Cash Equivalents	6	2.57	2.57	5.65	5.65
Other Financial Assets (Accrued Interest)	7	*	*	–	–
Total Financials Assets		**4.57**	**4.57**	**5.65**	**5.65**
Financial Liabilities (Measured at amortised cost)					
Trade Payables		2.42	2.42	4.11	4.11
Total Financials Liabilities		**2.42**	**2.42**	**4.11**	**4.11**

c) Financial risk management:

Given the nature of operations of the Company as indicated in Note 1 above, the Company has minimal activity and the only source of income is from estate maintenance services provided to its sister companies. Accordingly, the Company has no exposure towards market risks. Similarly, its exposure to credit risk and liquidity risk are also minimal as explained hereunder.

d) Credit Risk:

The only source of income to the Company arises through receipts from estate maintenance services from its ultimate holding company. Being part of the same group, exposure to credit risk is minimum. The Board of Directors analyze and monitor these financial instruments and assess the risk on an individual basis and take necessary action where required.

e) Liquidity risk:

The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. The company's liquidity position is regularly monitored and as the Company does not have any borrowings, its working capital is sufficient to ensure adequate liquidity for operations.

f) Fair value measurement

The Company does not have any Non-current Financial Liabilities. Fair value of Non-Current Financial assets, Current Financial Assets and Current Financial Liabilities is equivalent to their carrying value.

23. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

24. The financial statements were approved for issue by the Board of Directors on April 21, 2023.

For and on behalf of the Board of Directors

Peter Rasquinha
Director

Saurabh Kar
Director

Place:
Date: April 21, 2023

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2023

The directors submit their report for the financial year ended 31st March, 2023.

Directors

The names of the directors in office at any time during are:

Mr Surampudi Sivakumar
Mr David Charles McDonald
Mr Dharmarajan Ashok
Mr Allan Hendry (resigned effective 8th August 2022)
Mr Kanapathipillai Sathiamoorthy
(appointed effective 12th October 2022)
Mr Sachidanand Madan
(resigned effective 27th November 2022)

Corporate information

Technico Pty Limited ('Company') is a Company limited by shares that is incorporated and domiciled in Australia. Its parent entity is ITC Limited, a Public Company registered in India and listed in National Stock Exchange and BSE (formerly Bombay Stock Exchange) in India.

The registered office of Technico Pty Limited is located at:

10 Bundaroo Street
BOWRAL NSW 2576,
Australia

Principal activities

The principal activities of the Company during the financial year under review were anchored on horticulture technology, its downstream implementation, commercialisation and activities associated therewith. The Company owns the proprietary TECHNITUBER® Technology and has undertaken commercialisation of such technology through its wholly owned subsidiaries in different geographies viz.:

- Technico Asia Holdings Pty Limited, Australia ('TAHL')
- Technico Horticultural (Kunming) Co. Limited, China (100% subsidiary of TAHL)
- Technico Technologies Inc., Canada

Review and results of operations

Your Company is focused on ensuring the continuous upgrading of the TECHNITUBER® Technology and customising its application across various geographies. Your Company is also engaged in the marketing of TECHNITUBER ® seeds to global customers by leveraging the production facilities of its subsidiaries in China and Canada as well as the facilities of its group company, Technico Agri Sciences Limited, India.

For the year under review, your Company has reported revenue from sale of goods of A$1,826,806 (2022: A$1,856,826) and earned a net profit after tax of A$1,037,707 (2022: A$909,425). Net profit for the year is higher largely owing to forex translation gain of $113,966 (CY gain of $32,785 vs LY loss of $81,211) & higher interest income & improved margins, offset by higher travel cost vs last year.

No dividends have been paid or declared by the Company during the year.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events subsequent to the end of the reporting period i.e. post 31st March, 2023.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future developments and results

The Company is further making efforts for development of the TECHNITUBER® Technology.

Environmental regulation and performance

The Company is not subject to any particular or significant environmental regulation under any law of the commonwealth or of a state or territory.

Indemnification and insurance of directors and auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

Auditor independence

The auditor's independence declaration in accordance with applicable code of professional conduct, for the year ended 31st March, 2023 has been received and is included in the financial report.

Signed in accordance with a resolution of the Board of Directors:

Kanapathipillai Sathiamoorthy

Director

Place: Sydney, Australia

1st May, 2023

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH, 2023

In accordance with a resolution of the directors of Technico Pty Limited, the directors have determined:

(a) the financial statements and notes of the company:
  (i) give a true and fair view of the company's financial position as at 31 March 2023 and of their performance for the year ended on that date;
  (ii) comply with Australian Accounting Standards to the extent described in Note 1.

(b) There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable..

On behalf of the Board:

Kanapathipillai Sathiamoorthy
Director

Place: Sydney, Australia
Date: 1st May, 2023

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Technico Pty Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2023 there has been no contraventions of any applicable code of professional conduct in relation to the audit.

Kelly Partners (South West Sydney) Partnership

Daniel Kuchta
Registered Auditor Number 335565

Campbelltown
Dated this 1st day of May 2023

INDEPENDENT AUDIT REPORT

To the Members of Technico Pty Limited,

Opinion

We have audited the financial report of Technico Pty Limited, which comprises the statement of financial position as at 31 March 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Technico Pty Limited:

(a) give a true and fair view of the company's financial position as at 31 March 2023 and of its financial performance for the year then ended; and

(b) comply with *Australian Accounting Standards* to the extent described in *Note 1*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the *Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the professional standards, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities to the members. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 31 March 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation in Note 1 to the financial report is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 directors.
- Conclude on the appropriateness of the 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 report 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 report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

We communicate with the 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.

Kelly Partners (South West Sydney) Partnership

Daniel Kuchta

Registered Auditor Number 335565

Campbelltown
Dated this 1st Day of May 2023

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March, 2023

		2023		2022	
	Notes	$	₹	$	₹
Sale of goods	2(a)	**1,826,806**	**102,088,861**	1,856,826	104,395,400
Cost of sales		**(698,806)**	**(39,051,935)**	(735,700)	(41,362,893)
Gross Profit		**1,128,000**	**63,036,926**	1,121,126	63,032,507
Other revenue	2(a)	**206,798**	**11,556,658**	104,048	5,849,839
Other income	2(a)	**12,293**	**686,969**	51,021	2,868,505
Research and development expenses		**(9,472)**	**(529,331)**	(11,469)	(644,816)
Occupancy expenses		**(4,243)**	**(237,115)**	(3,891)	(218,762)
Administrative expenses	2(d)	**(233,679)**	**(13,058,880)**	(290,590)	(16,337,715)
Profit before income tax expense		**1,099,697**	**61,455,227**	970,244	54,549,557
Income tax expense	3	**(61,990)**	**(3,464,214)**	(60,819)	(3,419,403)
Total Comprehensive income for the year		**1,037,707**	**57,991,013**	909,425	51,130,154

STATEMENT OF FINANCIAL POSITION AS AT THE 31 MARCH, 2023

	Notes	2023 $	2023 ₹	2022 $	2022 ₹
CURRENT ASSETS					
Cash and cash equivalents	4	**8,721,406**	**479,895,389**	8,043,714	456,420,442
Trade and other receivables	5	**1,763,046**	**97,011,606**	1,704,098	96,694,781
Other assets	6	**119,765**	**6,590,069**	21,104	1,197,494
Total Current Assets		**10,604,217**	**583,497,064**	9,768,916	554,312,716
NON-CURRENT ASSETS					
Other financial assets	7	**969,736**	**53,359,723**	969,736	55,025,245
Intangible assets	8	**13,776**	**758,024**	16,751	950,494
Total non-current assets		**983,512**	**54,117,748**	986,487	55,975,739
Total assets		**11,587,729**	**637,614,812**	10,755,403	610,288,455
CURRENT LIABILITIES					
Trade and other payables	9	**870,761**	**47,913,624**	1,077,478	61,138,764
Current tax liabilities	3	**4,649**	**255,789**	3,313	187,988
Total current liabilities		**875,410**	**48,169,413**	1,080,791	61,326,752
Total liabilities		**875,410**	**48,169,413**	1,080,791	61,326,752
Net assets		**10,712,320**	**589,445,419**	9,674,612	548,961,702
Represented by					
EQUITY					
Contributed equity	10	**19,489,182**	**1,072,392,240**	19,489,182	1,105,864,910
Accumulated losses	11	**(13,076,318)**	**(719,524,396)**	(13,076,318)	(741,982,925)
Reserves	17	**4,299,456**	**236,577,575**	3,261,749	185,079,720
Total equity		**10,712,320**	**589,445,419**	9,674,612	548,961,702

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2023

	Contributed equity $	Accumulated losses $	Reserves $	Total $
At 1 April, 2021	**19,489,182**	**(13,076,318)**	**2,352,324**	**8,765,187**
Total comprehensive income for the year		909,425		909,425
Transfer to reserves	–	(909,425)	909,425	–
At 31 March 2022	19,489,182	(13,076,318)	3,261,749	9,674,612
Total comprehensive income for the year	–	1,037,707		1,037,707
Transfer to reserves		(1,037,707)	1,037,707	–
At 31 March 2023	**19,489,182**	**(13,076,318)**	**4,299,456**	**10,712,320**

	Contributed equity ₹	Accumulated losses ₹	Reserves ₹	Total ₹
At 1 April, 2021	**1,085,596,160**	**(728,383,602)**	**131,030,277**	**488,242,833**
Total comprehensive income for the year		51,130,154		51,130,154
Transfer to reserves		(51,130,154)	51,130,154	–
Exchange rate variance	20,268,750	(13,599,323)	2,919,289	9,588,716
At 31 March 2022	1,105,864,910	(741,982,925)	185,079,720	548,961,702
Total comprehensive income for the period		57,991,013		57,991,013
Transfer to reserves	–	(57,991,013)	57,991,013	–
Exchange rate variance	(33,472,670)	22,458,529	(6,493,158)	(17,507,296)
At 31 March 2023	**1,072,392,240**	**(719,524,396)**	**236,577,575**	**589,445,419**

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2023

	2023		2022	
	$	₹	$	₹
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers	**1,854,971**	**103,662,812**	1,213,080	68,202,412
Payments to supplier and employees	**(1,149,223)**	**(64,222,955)**	(322,145)	(18,111,800)
Income tax paid	**(60,654)**	**(3,389,576)**	(67,179)	(3,776,978)
Interest received	**32,598**	**1,821,683**	38,407	2,159,353
Net cash flows from operating activities - Note 4 (b)	**677,691**	**37,871,964**	862,163	48,472,987
CASH FLOW FROM INVESTING ACTIVITIES				
Payments for protection of technology	–	–	(4,840)	(272,093)
Net cash flows from/(used in) investing activities	–	–	(4,840)	(272,093)
CASH FLOW FROM FINANCING ACTIVITIES				
Net cash flows (used in)/from financing activities				
Net increase/(decrease) in cash held	**677,691**	**37,871,964**	857,324	48,200,894
Add opening cash brought forward	**8,043,714**	**456,420,442**	7,186,390	404,036,812
Non cash exchange gain/(loss) on translation	–	**(14,396,999)**	–	4,182,737
Cash and cash equivalents at end of period - Note 4	**8,721,405**	**479,895,389**	8,043,714	456,420,442

Notes to the Financial Statements for the year ended 31st March, 2023

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate information

Technico Pty Limited is a for profit proprietary company limited by shares that is incorporated and domiciled in Australia. Its parent entity is ITC Limited, a public company listed in National Stock Exchange and Bombay Stock Exchange in India.

The registered office of Technico Pty Limited is located at:

10 Bundaroo Street, BOWRAL NSW 2576, Australia

(a) Basis of preparation

The financial statements are special purpose financial statements that have been prepared in order to meet the needs of the members, as requested by the parent company.

The material accounting policies used in the preparation of this report, as described below, are in the opinion of the directors, appropriate to meet the needs of members.

The financial report has been prepared on a historical cost basis and is presented in Australian dollars. The supplementary information in INR (Indian Rupees), which are unaudited, have been arrived at by applying the year end inter-bank exchange rate of 1 AUD = INR 55.0250 for the current year balance sheet (2022: INR 56.7425) and the average rate of 1 AUD = INR 55.8838 for the current year income statement and cash flow statement (2022: INR 56.2225), and have been included in the financial report as required by the parent entity.

The financial statements have been prepared in accordance with note 1.

Even though the entity is small proprietary company, the directors have determined that in order for the financial report to give a true and fair view of the company's results of operations and state of affairs, the requirements of Accounting Standards and other professional reporting requirements in Australia relating to the measurement and recognition of assets, liabilities, revenues, expenses and equity (except for consolidation standard) should be complied with.

The material accounting policies that have been adopted in the preparation of the financial report are as follows:

(b) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Investment in subsidiaries

The carrying value of the investment in subsidiaries is assessed at each reporting date as to whether there is an indication that the asset may be impaired. The assessment includes estimates and assumptions of future events including anticipated rates of growth, gross margins, together with the application of a discount rate. These assumptions correspond with the best estimates of management at reporting date.

(c) Foreign currency translation

The functional and presentation currency of Technico Pty Limited is Australian dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. FEDAI exchange rates provided by the parent company are used for FX translation of debtors and foreign currency bank accounts using year end rates.

All exchange differences in the financial report are taken to profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of six months or less.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(e) Receivables

Trade receivables are recognised and carried at the original amount less any provision for doubtful debts. Bad debts are written off as incurred.

A provision is recognised using the Expected Credit Loss (ECL) model, simplified approach when collection of the full amount is no longer probable.

(f) Other financial assets

Investments in controlled entities are recorded at cost less impairment of the investment value.

(g) Impairment of assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

(h) Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the company prior to

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services.

(i) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Revenue recognition

Revenue arises from the sale of goods and delivery of services.

Sale of goods

To determine whether to recognise revenue, the entity follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The entity enters into transactions for delivery of goods (TT seeds) to the customers. In all cases, the total transaction price for a contract is allocated to this sole performance obligation i.e. delivery of goods.

Revenue is recognised at a point in time when the entity satisfies the performance obligation by transferring the promised goods or services to its customers. The control of the goods passes to the customers upon delivery of the goods, based on locations specified on the respective invoices.

The entity recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the entity satisfies a performance obligation before it receives the consideration, the entity recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Rendering of services

Revenue from the provision of services is recognised when control of the right to be compensated for the services and the stage of completion can be reliably measured.

(k) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax asset on carried forward tax losses have not been recognised.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(l) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(n) Intangibles other than goodwill on acquisition

Technology, patents and trademarks

Intangibles include TECHNITUBER® technology of the company and trademarks and are considered to have finite lives, and are amortised over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. If benefit is no longer expected to be received, the asset will be written down to its net realisable value.

(o) Financial Instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 180 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 180 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables.

(p) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to and Forming Part of the Financial Statement for the year ended 31 March, 2023

		2023		2022	
	Notes	$	₹	$	₹
Note 2: Revenues and expenses					
(a) Revenue					
Sales - TT seeds		**1,826,806**	**102,088,861**	1,856,826	104,395,400
Other revenue					
Finance revenue	AA	**131,978**	**7,375,432**	32,432	1,823,408
Freight outwards		**74,820**	**4,181,226**	71,616	4,026,431
		206,798	**11,556,658**	104,048	5,849,839
AA. Breakdown of finance revenue:					
Bank interest		**131,978**	**7,375,432**	32,432	1,823,408
Other income					
Sundry income		–	–	713	40,063
Liability extinguished		**12,293**	**686,969**	50,308	2,828,442
		12,293	**686,969**	51,021	2,868,505
(b) Depreciation and amortisation included in the income statement					
Amortisation of non-current assets:					
Technology and trademarks		**2,975**	**166,254**	7,825	439,941
Total amortisation of non-current assets		**2,975**	**166,254**	7,825	439,941
(c) Employee benefit expense					
Wages and salaries - incl super and travel allowance		**9,104**	**508,766**	12,292	691,087
Workers' compensation costs		**735**	**41,075**	414	23,276
Payroll tax		**793**	**44,316**	356	20,015
		10,632	**594,157**	13,062	734,378
(d) Administration expenses					
Consultancy expense		**56,718**	**3,169,617**	41,500	2,333,234
Audit and accounting fee		**17,820**	**995,849**	20,900	1,175,050
Overseas travel		**57,317**	**3,203,092**	–	–
Freight and cartage		**102,550**	**5,730,884**	103,833	5,837,751
Realised FX loss /(gain)		**(28,311)**	**(1,582,126)**	13,685	769,405
Unrealised FX loss/(gain)- net		**(4,474)**	**(250,024)**	67,526	3,796,481
Others		**32,059**	**1,791,588**	43,146	2,425,795
Total		**233,679**	**13,058,880**	290,590	16,337,715

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2023		2022	
	$	**₹**	$	₹
Note 3: Income tax				
The major components of income tax expenses are:				
Current income tax charge	**61,990**	**3,464,214**	60,819	3,419,403
Income tax expense	**61,990**	**3,464,214**	60,819	3,419,403
A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the company's applicable income tax rate is as follows:				
Accounting profit at the statutory income tax rate of 30%	**329,909**	**18,436,568**	291,073	16,364,867
Other assessable income (Canada and China Attributable passive income and prior year interest accrual now realised)	**40,658**	**2,272,124**	7,172	403,228
Non deductible expenses (current year accruals and unrealised FX gain/loss and KP tax advise)	**14,493**	**809,924**	40,185	2,259,301
Non assessable income (current year interest accrual)	**(35,194)**	**(1,966,774)**	(5,379)	(302,421)
Other deductible expenses (prior year accruals, unrealised FX loss)	**(35,198)**	**(1,966,998)**	(24,327)	(1,367,725)
Recoupment of prior year tax losses	**(252,678)**	**(14,120,607)**	(247,905)	(13,937,839)
Income tax attributed to ordinary activities	**61,990**	**3,464,234**	60,819	3,419,410
Provision for income tax	**4,649**	**255,789**	3,313	187,988

Income tax losses

Deferred tax assets arising from tax losses of the parent entity amounted to $2,156,247 (2022: $2,409,097). This has not been brought to account at balance sheet date as accounting policy choice. Capital loss carried forward for both years are $346,091.

The deferred tax assets will only be obtained if:

(i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(iii) no changes in tax legislation adversely affect the economic entity in realising the benefit.

	2023		2022	
	$	**₹**	$	₹
Note 4: Cash and cash equivalents				
Current				
Cash at bank and on hand	**15,954**	**877,851**	8,251	468,182
Deposits at call	**8,705,453**	**479,017,538**	8,035,463	455,952,259
	8,721,406	**479,895,389**	8,043,714	456,420,442

(a) Terms and conditions relating to the above financial instruments:

(i) cash at bank has a weighted average interest rate of 0% (2022: 0%); and

(ii) deposits at call has a weighted average effective interest rate of 4% AUD account (2022: 0.35% AUD Account)

(b) Reconciliation of net profit/(loss) after tax to the net cash flows from operations:

Net profit after tax	1,037,707	57,991,005	909,425	51,130,191
Non-cash items:				
Amortisation of non-current assets	2,975	166,248	7,825	439,941
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	(58,949)	(3,294,294)	(766,384)	(43,088,024)
Decrease/(increase) in other current assets	(98,661)	(5,513,552)	4,098	230,400
Increase/(decrease) in trade creditors and accruals	(205,381)	(11,477,466)	707,199	39,760,496
Cash flows from operations	677,691	37,871,964	862,162	48,472,987

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Notes	2023 $	2023 ₹	2022 $	2022 ₹
Note 5: Trade and other receivables					
Current					
Trade debtors	(a)	**1,763,046**	**97,011,606**	1,704,098	96,694,781
Provision for doubtful debts		**–**	**–**	–	–
		1,763,046	**97,011,606**	1,704,098	96,694,781

(a) Terms and conditions relating to the above financial instrument:

(i) current trade debtors are non-interest bearing and generally on 180 to 210-day terms; and debtors have a history of paying before/on time.

	Notes	2023 $	2023 ₹	2022 $	2022 ₹
Note 6: Other assets					
Current					
Prepayments and other receivables		**2,452**	**134,921**	3,172	179,987
Interest accrued		**117,313**	**6,455,148**	17,932	1,017,507
		119,765	**6,590,069**	21,104	1,197,494
Note 7: Other financial assets					
Non-current					
Shares in subsidiaries:					
At cost		**4,880,863**	**268,569,487**	4,880,863	276,952,369
Provision for write-down	(a)	**(3,911,127)**	**(215,209,763)**	(3,911,127)	(221,927,124)
Total other financial assets		**969,736**	**53,359,723**	969,736	55,025,245

(a) **Provision for write-down of subsidiaries**

The losses generated within the subsidiaries have resulted in a provision for write-down to net assets being recorded against the cost amount of the investment.

The investments are recorded at amortised cost.

Interest in subsidiaries

Technico Asia Holdings Pty Ltd (formerly known as Technico China Pty Ltd)
Percentage of equity interest held by country of incorporation: Australia - 100%

	2023 $	2023 ₹	2022 $	2022 ₹
Cost	**3,684,522**	**202,740,823**	3,684,522	209,068,990
Accumulated impairment	**(2,714,786)**	**(149,381,100)**	(2,714,786)	(154,043,745)
	969,736	**53,359,723**	969,736	55,025,245

Technico Technologies Inc.
Percentage of equity interest held by country of incorporation: Canada - 100%

	2023 $	2023 ₹	2022 $	2022 ₹
Cost	**1,196,341**	**65,828,664**	1,196,341	67,883,379
Accumulated impairment	**(1,196,341)**	**(65,828,664)**	(1,196,341)	(67,883,379)
	–	**–**	–	–

	2023 $	2023 ₹	2022 $	2022 ₹
Note 8: Intangible assets				
Non-current				
TECHNITUBER® technology, patents and trademarks at cost	**3,427,422**	**188,593,896**	3,427,422	194,480,493
Less: accumulated amortisation	**(3,413,646)**	**(187,835,871)**	(3,410,671)	(193,529,999)
	13,776	**758,024**	16,751	950,494
Movement in intangibles				
Balance at beginning of the year	**16,751**	**921,724**	19,736	1,119,870
Additions	**–**	**–**	4,840	274,634
Amortisation expense	**(2,975)**	**(163,699)**	(7,825)	(444,010)
Balance at the end of the year	**13,776**	**758,024**	16,751	950,494

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		2023		2022	
		$	₹	$	₹
Note 9: Trade and other payables					
Current					
Trade creditors		**824,326**	**45,358,538**	1,014,710	57,577,182
Sundry creditors and accruals		**46,435**	**2,555,086**	62,768	3,561,582
		870,761	**47,913,624**	1,077,478	61,138,764

Terms and conditions relating to the above financial instruments:

(i) trade creditors are non-interest bearing and are normally settled on 180 to 210-day terms; and

(ii) balance due to sundry creditors is non-interest bearing and is normally settled on 30-day terms.

Note 10: Contributed equity

(a) Issued and paid up capital

		2023 $	2023 ₹	2022 $	2022 ₹
Ordinary shares fully paid 10,015,502 shares (2022: 10,015,502)		**19,598,046**	**1,078,382,481**	19,598,046	1,112,042,125
Share capital redemption		**–**	**–**	–	–
Discount on issue		**(108,864)**	**(5,990,242)**	(108,864)	(6,177,216)
		19,489,182	**1,072,392,240**	19,489,182	1,105,864,910

(b) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Note 11: Accumulated losses

		2023 $	2023 ₹	2022 $	2022 ₹
Accumulated losses		**13,076,318**	**719,524,396**	13,076,318	741,982,925
Balance at beginning of year		**13,076,318**	**741,982,925**	13,076,318	728,383,602
Net (profit)/loss attributable to the members of Technico Pty Ltd		**(1,037,707)**	**(57,991,013)**	(909,425)	(51,130,154)
Transfer to reserves	17	**1,037,707**	**57,991,013**	909,425	51,130,154
Exchange rate variance		**–**	**(22,458,529)**	–	13,599,323
Total available for appropriation		**13,076,318**	**719,524,396**	13,076,318	741,982,925
Dividends paid or provided for		**–**	**–**	–	–
Balance at end of period		**13,076,318**	**719,524,396**	13,076,318	741,982,925

Note 12: Contingent liabilities

		2023 $	2023 ₹	2022 $	2022 ₹
Estimates of material amounts of contingent liabilities, not provided for in the financial report		**–**	**–**	–	–

Note 13: Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Note 14: Capital and lease commitments

There are no capital and operating lease commitments. Under AASB 16 month to month rental repayments for storage filing space are expensed.

Note 15: Related party transactions

Technico Pty Ltd purchases TT seeds from Technico Horticultural (Kunming) Co. Limited, China ('THKL' - 100% subsidiary of Technico Asia Holdings Pty Limited – 'TAHL') and Technico Agri Sciences Limited, India ('TASL'). THKL is a 100% owned subsidiary of TAHL, which is 100% owned by TPL. TASL is a 100% subsidiary of ITC Limited (ultimate parent company) in India. The purchases made during the year are reflected in cost of sales in AUD. Any amounts outstanding as payable is recorded in trade payables.

Note 16: Remuneration of auditors

		2023 $	2023 ₹	2022 $	2022 ₹
Amounts received or due and receivable by auditor:					
Audit of the entity by auditor/group auditor		**13,350**	**746,049**	12,600	708,404
Other services in relation to the entity- taxation		**12,346**	**689,941**	8,300	466,647
		25,696	**1,435,990**	20,900	1,175,050

Note 17: Reserves

		2023 $	2023 ₹	2022 $	2022 ₹
2023 Profit		**1,037,707**	**57,099,830**	–	–
2022 Profit		**909,425**	**50,041,117**	909,425	51,603,038
2021 Profit		**793,203**	**43,645,995**	793,203	45,008,288
2020 Profit		**1,559,121**	**85,790,633**	1,559,121	88,468,394
		4,299,456	**236,577,575**	3,261,749	185,079,720

Profits are set aside for declaration of future dividends.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2023

Your directors submit their Report for the financial year ended 31st March, 2023.

Directors

The following directors have held office since the start of the financial year until the date of this report:

Ms Bhavani Parameswar

Mr. Soundararadjane Santhanakrishnan

Mr. Rajnikant Rai (appointed effective 8th December, 2022)

Mr Sachidanand Madan (resigned effective 27th November, 2022)

Corporate information

Technico Technologies Inc. (Company) is a company limited by shares that is incorporated and domiciled in Canada. It is a wholly owned subsidiary of Technico Pty Ltd, a company incorporated in Australia.

The registered office of Technico Technologies Inc is located at:

Stewart McKelvey Stirling Scales
501 - 140 Carleton Street, Fredericton,
New Brunswick E3B 3T4, Canada

Principal activities

The principal activities of your Company during the financial year under review were production of TECHNITUBER® seed potatoes for sale in the Canadian and export markets.

Review and results of operations

The Company registered sales of Canadian Dollar C$105,712 (previous year C$ 92,799) and posted a net profit of C$ 50,739 (previous year net loss of C$ 29,729). Net profit was higher than last year on account of incremental income from IT support services provided to ITC Infotech, USA and due to lower cost of sales of TECHNITUBER® seed.

No dividends have been paid or declared during the financial year.

Auditors

The Company has engaged M/s Teed Saunders Doyle & Co as auditors for the year under review whose report is annexed to the financial report.

Environmental regulation and performance

Your Company is not subject to any particular or significant environmental regulation.

Bhavani Parameswar

Director

Place: New Jersey, USA
Date: 26th April, 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Technico Technologies Inc.

Opinion

We have audited the accompanying financial statements of Technico Technologies Inc., which comprise the balance sheet as at March 31, 2023 and the statements of income, retained earnings (deficit) 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 present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are 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 Canadian generally accepted auditing standards 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 Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism 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 management.
- Conclude on the appropriateness of management's 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 fair presentation.

We communicate with those charged with governance 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.

April 26, 2023

Fredericton, New Brunswick CHARTERED PROFESSIONAL ACCOUNTANTS

BALANCE SHEET AS AT MARCH 31, 2023

ASSETS

	2023 $	2023 ₹	2022 $	2022 ₹
Current Assets				
Cash	318,445	19,319,262	199,799	12,085,842
Accounts receivable	1,040	63,094	46,107	2,789,012
Inventory	29,528	1,791,390	54,687	3,308,017
Prepaid expenses	2,002	121,456	2,259	136,647
	351,015	21,295,202	302,852	18,319,518
Property and Equipment (note 4)	53,473	3,244,073	54,454	3,293,922
	404,488	24,539,275	357,306	21,613,440
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	26,200	1,589,489	29,757	1,800,001
STOCKHOLDER'S EQUITY				
Capital Stock (note 7)	1,139,024	69,101,739	1,139,024	68,899,562
Deficit	(760,736)	(46,151,953)	(811,475)	(49,086,123)
	378,288	22,949,786	327,549	19,813,439
	404,488	24,539,275	357,306	21,613,440

Approved by the Board:

(Director)

STATEMENT OF RETAINED EARNINGS (DEFICIT) FOR THE YEAR ENDED MARCH 31, 2023

	2023 $	2023 ₹	2022 $	2022 ₹
Deficit At Beginning Of Year	(811,475)	(49,086,123)	(781,746)	(45,360,811)
Net Income (Loss) For The Year	50,739	2,978,734	(29,729)	(1,761,667)
Change In Unrealized Foreign Exchange During The Year	–	(44,564)	–	(1,963,645)
Deficit At End Of Year	(760,736)	(46,151,953)	(811,475)	(49,086,123)

STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2023

	2023 $	2023 ₹	2022 $	2022 ₹
Sales	105,712	6,206,034	92,799	5,499,037
Cost Of Sales	57,314	3,364,733	103,801	6,150,988
Gross Profit	48,398	2,841,301	(11,002)	(651,951)
Expenses				
Advertising and trade shows	4,026	236,354	2,250	133,329
Amortization of property and equipment	150	8,806	150	8,889
Bank charges	407	23,894	521	30,873
Insurance	7,801	457,973	4,317	255,815
Occupancy costs	8,725	512,219	6,043	358,093
Office and supplies	11	646	151	8,948
Professional services	23,288	1,367,169	25,000	1,481,438
Telephone	3,863	226,785	3,628	214,986
Vehicle and travel	1,737	101,974	320	18,962
Wages and benefits	11,743	689,396	6,449	382,152
	61,751	3,625,216	48,829	2,893,485
	(13,353)	(783,915)	(59,831)	(3,545,436)
Other Income				
Net revenue - Support services (note 8)	64,092	3,762,649	30,102	1,783,769
Net Income (Loss) For The Year	50,739	2,978,734	(29,729)	(1,761,667)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

	2023 $	2023 ₹	2022 $	2022 ₹
Cash Provided By (Required For):				
Operating Activities				
Net income (loss) for the year	50,739	2,978,733	(29,729)	(1,761,667)
Items not affecting cash:				
Amortization of property and equipment	150	8,806	150	8,889
Amortization capitalized to inventory	832	48,844	976	57,835
Foreign currency fluctuations	–	136,864	–	380,291
	51,721	3,173,247	(28,603)	(1,314,652)
Changes in non cash operating working capital (note 6)	66,925	4,060,173	64,845	3,922,474
	118,646	7,233,420	36,242	2,607,822
Investing Activities				
Capital expenditures	–	–	(4,800)	(290,352)
Financing Activities				
Capital stock issuance (redemption)	–	–	(220)	(13,308)
Increase In Cash During The Year	118,646	7,233,420	31,222	2,304,162
Cash Position At Beginning Of Year	199,799	12,085,842	168,577	9,781,680
Cash Position At End Of Year	318,445	19,319,262	199,799	12,085,842

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1. **Nature of Business Activities**

The company is a wholly owned subsidiary of Technico Pty Limited (Australia) and produces early generation seed potatoes for the North American Market.

2. **Significant Accounting Policies**

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE).

The financial statements include Indian Rupee equivalent figures, arrived at by applying the year end exchange rate of CAD $1 = Rs. 60.6675 (2022 CAD $1 = Rs. 60.4900) to the balance sheet and the average annual exchange rate of CAD $1 = Rs. 58.7070 (2022 CAD $1 = Rs. 59.2575) to the income statement as provided by the parent company.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of the financial instruments are expensed when incurred.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of net assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Cash and cash equivalents

The company considers cash on hand, short-term deposits and balances with banks, net of overdrafts as cash or cash equivalents. Bank borrowings are considered to be financing activities.

Inventory

Inventory is valued at the lower of production cost and net realizable value. Inventory includes capitalized amortization of $832 (2022 $976)

Revenue

Revenue is recognized when products and services are delivered to the customer and ultimate collection is reasonably assured.

Amortization

Depreciation of property and equipment is recorded on a straight line basis at the following annual rates:

Buildings	10%
Equipment	13.34%, 20%

Government Assistance

Government grants and subsidies are recognized as revenue on the same basis as the corresponding expenses.

Income Taxes

Income taxes are reported using the tax payable method. Under this policy, only current income tax assets and liabilities are recognized and future income taxes are not recorded. Future taxes represent the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes along with the benefit of unutilized tax losses carrying forward. The estimated amount of unrecorded future tax credits at year end is a future income tax asset of $203,126 (2022 $280,333).

3. **Financial Instruments**

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of March 31, 2023.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The company is exposed to foreign currency exchange risk on export sales to foreign countries. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and the payment of funds for accounts payables and long term debt.

4. **Property and Equipment**

	Cost	Accumulated Amortization	2023 Net	2022 Net
	$	$	$	$
Land	46,564	–	46,564	46,564
Buildings	293,913	291,446	2,467	2,853
Equipment	295,755	291,313	4,442	5,037
	636,232	582,759	53,473	54,454

	Cost	Accumulated Amortization	2023 Net	2022 Net
	₹	₹	₹	₹
Land	2,824,921	–	2,824,921	2,816,656
Buildings	17,830,968	7,681,301	149,667	172,578
Equipment	17,942,716	17,673,231	269,485	304,688
	38,598,605	35,354,532	3,244,073	3,293,922

5. **Income Taxes**

The company has non capital-losses for income tax purposes of $877,321 which may be carried forward to reduce taxable income in future years. If not applied against taxable income, the non-capital losses will expire as follows:

	$	₹
2026	183,959	11,160,333
2027	283,750	17,214,403
2028	214,636	13,021,430
2030	115,010	6,977,369
2031	12,550	761,377
2032	7,695	466,836
2040	8,787	533,085
2041	10,825	656,726
2042	40,109	2,433,313
	877,321	53,224,872

The company has investment tax credits of $38,318 available to reduce taxes payable of future years. The benefit of investment tax credits and non-capital losses carried forward have not been recorded in the financial statements.

6. **Changes In Non-Cash Operating Working Capital**

	2023 $	2023 ₹	2022 $	2022 ₹
Accounts receivable	45,067	2,734,102	16,196	979,696
Inventory	25,159	1,526,334	56,914	3,442,728
Prepaid expenses	257	15,592	5,625	340,256
Accounts payable and accrued liabilities	(3,558)	(215,855)	(12,855)	(777,599)
Deferred revenue	–	–	(1,035)	(62,607)
	66,925	4,060,173	64,845	3,922,474

7. **Capital Stock**

		2023 $	2023 ₹	2022 $	2022 ₹
Authorized					
An unlimited number of common shares					
200,000 non-voting, non-cumulative, non-participating, redeemable and retractable Class A preferred shares					
Issued					
1,087,999	Common shares	1,087,998	66,006,119	1,087,998	65,812,999
51,026	Class A preferred shares (2022 - 51,026 shares)	51,026	3,095,620	51,026	3,086,563
		1,139,024	69,101,739	1,139,024	68,899,562

The company's common shares are owned by Technico Pty Limited.

The company's Class A preferred shares are owned by the Province of New Brunswick and are redeemable on the basis of 33% of after tax profits of the preceding fiscal year and are fully retractable by the holder should specified corporate obligations not be met. During the year, the company redeemed nil Class A preferred shares for $nil (2022 220 Class A preferred shares for $220).

8. **Net Revenue - Support Services**

	2023 $	2023 ₹	2022 $	2022 ₹
Revenue	571,869	33,572,713	328,721	19,479,185
Expenses				
Wages and benefits	498,947	29,291,682	288,144	17,074,693
Work visa charges	6,396	375,491	6,050	358,509
Office rent	2,434	142,893	4,425	262,214
	507,777	29,810,066	298,619	17,695,416
Net Revenue - Support services	64,092	3,762,647	30,102	1,783,769

Support services revenue is generated entirely from ITC Infotech (USA) Inc., a wholly owned subsidiary of ITC Infotech India Limited, which in turn, is a wholly owned subsidiary company of ITC Limited, which is the ultimate parent company of Technico Technologies Inc. (Canada) and the parent company of Technico Pty Limited (Australia). These related party transactions are recorded at the exchange amount as established and agreed to by the related parties and are subject to normal trade terms.

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2023

Your directors present their report for the financial year ended 31st March, 2023.

Directors

The names of directors in office at any time during are:

Mr David Charles McDonald
Mr Dharmarajan Ashok
Mr Soundararadjane Santhanakrishnan
Mr Allan Hendry (resigned effective 8th August 2022)
Mr Kanapathipillai Sathiamoorthy (appointed effective 12th October 2022)
Mr Sachidanand Madan (resigned effective 27th November 2022)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Corporate information

Technico Asia Holdings Pty Limited (Company) is a company limited by shares that is incorporated and domiciled in Australia. It is a wholly owned subsidiary of Technico Pty Ltd, a company incorporated in Australia.

The registered office of the Company is situated at:
10 Bundaroo Street, BOWRAL NSW 2576, Australia
The Company had no employees during the year.

Principal activities

During the year, the Company did not have any activity other than holding 100% of the shares of Technico Horticultural (Kunming) Co Limited, China.

Significant Changes in the State of Affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Review and results of operations

During the year, the Company earned a profit of A$ Nil [2022: nil].

Events subsequent to the end of the reporting period i.e. post 31st March, 2023

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments and expected results of operations

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental regulation and performance

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnification and insurance of directors and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

Proceedings on behalf of the Company

"No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings."

Auditor independence

The auditor's independence declaration in accordance with applicable code of professional conduct, for the year ended 31st March, 2023 has been received and is included in the financial report.

Signed in accordance with a resolution of the Board of Directors.

Kanapathipillai Sathiamoorthy
Director

Place: Sydney, Australia

Date: 1st May, 2023

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31ST MARCH, 2023

In accordance with a resolution of the directors of Technico Asia Holdings Pty Limited, the directors have determined:

(a) the financial statements and notes of the company:

  (i) give a true and fair view of the company's financial position as at 31st March 2023 and of their performance for the year ended on that date;

  (ii) comply with Australian Accounting Standards to the extent described in Note 1.

(b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board:

Kanapathipillai Sathiamoorthy

Director

Place: Sydney, Australia
Date: 1st May, 2023

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Technico Asia Holdings Pty Limited,

I declare that, to the best of my knowledge and belief, during the year ended 31st March, 2023 there has been no contraventions of any applicable code of professional conduct in relation to the audit.

Kelly Partners (South West Sydney) Partnership

Daniel Kuchta
Registered Auditor Number 335565
Campbelltown
Dated this 1st day of May, 2023

INDEPENDENT AUDIT REPORT
To the Members of Technico Asia Holdings Pty Limited,

Opinion

We have audited the financial report of Technico Asia Holdings Pty Limited, which comprises the statement of financial position as at 31 March 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Technico Asia Holdings Pty Limited:

(a) give a true and fair view of the company's financial position as at 31 March 2023 and of its financial performance for the year then ended; and

(b) comply with *Australian Accounting Standards* to the extent described in *Note 1*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional &Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants(including Independence Standards)(the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the professional standards, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities to the members. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 31 March 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation in Note 1 to the financial report is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 directors.
- Conclude on the appropriateness of the 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 report 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 report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

Kelly Partners (South West Sydney) Partnership
Daniel Kuchta
Registered Auditor Number 335565
Campbelltown
Dated this 1st day of May, 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH, 2023

		2023		2022	
	Notes	$	₹	$	₹
Sale of goods		–	–	–	–
Cost of sales:					
Other cost of sales		–	–	–	–
Inventory write off and write down		–	–	–	–
Gross profit					
Other income		–	–	–	–
Marketing expenses		–	–	–	–
Research and development expenses		–	–	–	–
Occupancy expenses		–	–	–	–
Administration expenses:		–	–	–	–
Other administration expenses		–	–	–	–
Recovery investments and loans		–	–	–	–
Finance costs		–	–	–	–
Other expenses		–	–	–	–
Profit before income tax expense		–	–	–	–
Income tax expense		–	–	–	–
Total comprehensive income for the year		–	–	–	–

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2023

	Notes	2023 $	2023 ₹	2022 $	2022 ₹
CURRENT ASSETS					
Cash and cash equivalents		–	–	–	–
Trade and other receivables		–	–	–	–
Inventories		–	–	–	–
Other		–	–	–	–
Total current assets		–	–	–	–
NON-CURRENT ASSETS					
Receivables		–	–	–	–
Other financial assets	2	969,736	53,359,723	969,736	55,025,245
Property plant & equipment		–	–	–	–
Intangible assets		–	–	–	–
Total non-current assets		969,736	53,359,723	969,736	55,025,245
Total assets		969,736	53,359,723	969,736	55,025,245
CURRENT LIABILITIES					
Trade and other payables		–	–	–	–
Loans and borrowings		–	–	–	–
Provisions		–	–	–	–
Total current liabilities		–	–	–	–
NON CURRENT LIABILITIES					
Interest free loans and borrowings		–	–	–	–
Provisions		–	–	–	–
Total non current liabilities		–	–	–	–
Total liabilities		–	–	–	–
Net assets		969,736	53,359,723	969,736	55,025,245
Represented by					
EQUITY					
Contributed equity	3	3,684,522	202,740,823	3,684,522	209,068,990
Accumulated losses	4	(2,714,786)	(149,381,100)	(2,714,786)	(154,043,745)
Total equity		969,736	53,359,723	969,736	55,025,245

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2023

	Contributed equity $	Accumulated losses $	Total $
At 1 April, 2021	3,684,522	(2,714,786)	969,736
Total Comprehensive income for the period	–	–	–
At 31 March, 2022	3,684,522	(2,714,786)	969,736
Total Comprehensive income for the period	–	–	–
At 31 March, 2023	36,84,522	(27,14,786)	9,69,736

	Contributed equity ₹	Accumulated losses ₹	Total ₹
At 1 April, 2021	205,237,087	(151,220,367)	54,016,720
Unrealised exchange gain/(loss)	3,831,903	(2,823,378)	1,008,525
At 31 March, 2022	209,068,990	(154,043,745)	55,025,245
Unrealised exchange gain/(loss)	(6,328,167)	4,662,645	(1,665,522)
At 31 March, 2023	202,740,823	(149,381,100)	53,359,723

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2023

	Notes	2023 $	2023 ₹	2022 $	2022 ₹
Cash flow from operating activities					
Net cash flows (used in)/from operating activities		–	–	–	–
Cash flows from financing activities					
Net cash flows (used in)/from financing activities		–	–	–	–
Net increase/(decrease) in cash held		–	–	–	–
Add opening cash brought forward		–	–	–	–
Cash and cash equivalents at end of the year		–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023

Note 1: Statement of significant accounting policies

(a) Basis of preparation

The financial report is a special purpose financial report prepared for distribution to members . The accounting policies used in the preparation of this report, as described below, are in the opinion of the directors, appropriate to meet the needs of members. Technico Asia Holdings Pty Limited is a for profit proprietary company limited by shares that is incorporated and domiciled in Australia.

The financial report has been prepared on a historical cost basis and is presented in Australian dollars. The supplementary information in INR (Indian Rupees), which are unaudited, have been arrived at by applying the year end inter-bank exchange rate of 1 AUD = INR 55.0250 for the current year balance sheet (2022: INR 56.7425) and the average rate of 1 AUD = INR 55.8838 for the current year income statement and cash flow statement (2022: INR 56.2225), and have been included in the financial report as required by the parent entity.

The financial statements have been prepared in accordance with note 1 to the financial report.

Even though the entity is a small proprietary company, the directors have determined that in order for the financial report to give a true and fair view of the company's results of operations and state of affairs, the requirements of Accounting Standards to the extent disclosed in note 1 below, and other professional reporting requirements in Australia relating to the measurement and recognition of assets, liabilities, revenues, expenses and equity should be complied with (except for consolidation standard). The material accounting policies that have been adopted in the preparation of the financial report are as follows:

(b) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Investment in subsidiaries

The carrying value of the investment in subsidiaries is assessed at each reporting date as to whether there is an indication that the asset may be impaired. The assessment includes estimates and assumptions of future events including anticipated rates of growth, gross margins, together with the application of a discount rate. These assumptions correspond with the best estimates of management at reporting date

(c) Other financial assets

Investments in controlled entities are recorded at cost less impairment of the investment value.

(d) Impairment of assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

(e) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	2023 $	2023 ₹	2022 $	2022 ₹
Note 2: Other financial assets				
Non-current				
Shares in subsidiaries:				
At cost	**3,684,522**	**202,740,823**	3,684,522	209,068,990
Provision for write-down	**(2,714,786)**	**(149,381,100)**	(2,714,786)	(154,043,745)
Total other financial assets	**969,736**	**53,359,723**	969,736	55,025,245

Provision for write-down of subsidiaries

The losses generated within the subsidiaries have resulted in a provision for write-down to net assets being recorded against the cost amount of the investment.

Technico Horticultural (Kunming) Co Ltd

Percentage of equity interest held by country of incorporation: China - 100%

	2023		2022	
	$	₹	$	₹
Cost	3,684,522	202,740,823	3,684,522	209,068,990
Accumulated impairment	(2,714,786)	(149,381,100)	(2,714,786)	(154,043,745)
	969,736	53,359,723	969,736	55,025,245

	2023		2022	
	$	₹	$	₹
Note 3: Contributed equity				
Issued and paid up capital				
3,684,522 Ordinary shares fully paid	3,684,522	202,740,823	3,684,522	209,068,990
	3,684,522	202,740,823	3,684,522	209,068,990

Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Note 4: Accumulated losses

	2023 $	2023 ₹	2022 $	2022 ₹
Accumulated losses				
Balance at beginning of year	2,714,786	149,381,100	2,714,786	154,043,745
Comprehensive income attributable to the members of Technico Asia Holdings Ltd	–	–	–	–
Total available for appropriation	2,714,786	149,381,100	2,714,786	154,043,745
Dividends paid or provided for	–	–	–	–
Aggregate amount transferred (to)/from reserves	–	–	–	–
Balance at end of year	2,714,786	149,381,100	2,714,786	154,043,745

Note 5: Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2022

Your management submit their report for the financial year ended 31st December, 2022.

Corporate Information

Technico Horticultural (Kunming) Co Ltd ("Company") is domiciled in Yunnan Province, People's Republic of China. Its parent entity is Technico Asia Holdings Pty Ltd, a company incorporated in Australia.

The registered office of the Company is located at:
A-38 Yanglin Industrial Development Zone,
Songming,
Yunnan Province,
People's Republic of China.

Principal activities

The Company is primarily engaged in production and supply of TECHNITUBER® Seed potatoes to export markets.

Business Review

For the year under review, the Company achieved a turnover of CNY 4,828,582 (2021: CNY 5,360,470) and posted a profit of CNY 1,768,472 (2021: CNY 2,083,782). Net Profit is lower owing to lower TECHNITUBER® seed sales and margins compared to last year.

In view of the accumulated losses, no dividend has been paid or declared during the financial year.

Auditors

The Company has engaged M/s China Audit Asia Pacific Certified Public Accountants LLP as auditors for the year under review whose report is annexed to the financial report.

Environmental regulation and performance

Your Company complies with the applicable environmental regulations set by the Songming Environmental Bureau.

Haoxuan Shen
Legal Representative

Place: Songming

Date: 1st May, 2023

AUDITORS' REPORT

To the Management

Technico Horticultural (Kunming) Co. Ltd.

I. Audit Opinion

We have audited the accompanying financial statements of Technico Horticultural (Kunming) Co., Ltd., which include the Statements of Financial Position as of 31 December 2022, the Statements of Comprehensive Income, the Statements of Cash Flows and the Statements of Changes in Shareholders' Equity for the year then ended and the notes to the financial statements.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Small Business Accounting Standards of China and presented fairly, in all material respects, the financial position of Technico Horticultural (Kunming) Co., Ltd. as at 31 December 2022, and the Company's results of operations and cash flows for the year then ended.

II. Basis of Forming the Audit Opinion

We conducted our audit in accordance with the Chinese Certified Public Accountant Auditing Standards. The section "Auditors' Responsibility for the Financial Statements" in the audit report further describes our responsibilities in accordance with these standards. According to the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company and fulfilled other responsibilities of code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of Technico Horticultural (Kunming) Co., Ltd. is responsible for preparing and presenting the financial statements in accordance with Enterprise Accounting Standards of China and for the purpose of fair presentation and designing, implementing and maintaining internal control necessary to the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

During the preparation of the financial statements, the management is responsible for assessing the Company's going-concern capability; disclosing, where applicable, matters in relation to the going-concern status; and applying the going-concern assumption for preparation of the financial statements, unless the management plans to liquidate the Company, terminates operation of the Company or has no other practical alternative choice.

Those charged with governance are responsible for monitoring the Company's financial reporting process.

IV. Auditors' Responsibility for the Financial Statements

Our objective is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to frauds or errors, and issue an audit report with audit opinion. Reasonable assurance is a high level assurance, but there is no guarantee that a material misstatement will always be found in the audit performed in accordance with the auditing standards. Misstatements may be caused by fraud or error. Misstatements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users based on the financial statements.

During the performance of our audit in accordance with the auditing standards, we use professional judgment and maintain professional skepticism. We also perform the following procedures:

A. Identify and assess the risks of material misstatement of the financial statements due to fraud and error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as a basis for forming the audit opinion. As fraud may involve collusion, forgery, willful omission, misrepresentation or override of internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement resulting from a mistake.

B. Understand the internal controls related to auditing in order to design appropriate audit procedures.

C. Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates and relevant disclosures made by management.

D. Conclude on the appropriateness of management's application of the going concern assumption. Meanwhile, based on the audit evidence obtained, conclude whether there is material uncertainty about the Company's ability to continue as a going-concern. If we conclude that there is material uncertainty, the auditing standards require us to draw attention of the users of the financial statements to the relevant disclosures in the financial statements. If the disclosure is inadequate, we shall express a qualified opinion. Our conclusion is based on information available as of the date of the audit report. However, future events or circumstances may cause the Company not being able to continue as a going-concern.

E. Evaluate the overall presentation, structure and content of financial statements (including disclosures), and evaluate whether the financial statements present fairly the relevant transactions and events.

F. Obtain sufficient and appropriate audit evidence regarding to the Company's financial information of the entities or business activities in order to express opinion on the financial statements. We are responsible for the guidance, supervision and execution of the group audit. We take full responsibility for the audit opinion.

We communicate with those charged with governance on the scope and time schedule of the audit, and significant audit findings, etc., including deficiency of internal control that we identified during the audit which warrants attention.

We also provide a statement to those charged with governance regarding the fact that we comply with the requirements of professional ethics relating to independence, and also communicate with them about all relationships and other matters that may be reasonably deemed to affect our independence as well as, where applicable, the relevant precautions.

Through the matters we communicate with those charged with governance, we identify matters that are significant in the audit of the financial statements for the current period, which therefore become the key audit items. We disclose these items in the audit report, unless public disclosure of such items is prohibited by laws and regulations; in exceptional circumstances, where the benefit arising from public disclosure of certain matters is outweighed by the negative consequence brought by such disclosure in consideration of public interest, we do not disclosure such items in the audit report.

China Audit Asia Pacific Certified Public
Accountants LLP - Yunnan Branch
Kunming, The People's Republic of China

Chinese Certified Public Accountants:
Chinese Certified Public Accountants:

Date: 1st May, 2023

BALANCE SHEET AS ON 31ST DECEMBER 2022

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE	31-Dec-22		31-Dec-21	
	NO.	CNY	INR	CNY	INR
CURRENT ASSETS :	1				
Cash and cash equivalents	2	14,667,113.66	163,797,925.22	12,957,706.13	148,163,594.97
Transaction monetary assets	3				
Short-term investments	4				
Notes receivable	5				
Accounts receivable	6	3,158,565.33	37,705,057.77	3,189,694.91	36,472,247.48
Advance to suppliers debts	7				
Dividend receivable	8				
Interest receivable	9	406,105.06	4,847,838.54	228,993.36	2,618,401.68
Other notes receivable	10				
Inventories	11	708,208.06	8,454,162.90	622,235.06	7,114,884.57
Including : Raw materials	12				
Finished goods	13				
In one year expired non-current assets	14				
Other current assets	15	14,050.57	167,727.27	14,804.30	169,278.29
Total current assets	16	18,954,042.68	214,972,711.70	17,013,433.76	194,538,406.99
NON-CURRENT ASSETS :	17				
Financial assets available for sale	18				
Hold investment due	19				
Long-term investment on bonds	20				
Long-term account receivable	21				
Long-term investment on stocks	22				
Right to trade in previously non-tradable shares	23				
Investment real estate	24				
Fixed assets-cost	25	25,727,794.00	307,122,968.10	25,727,794.00	294,181,887.71
Less : Accumulated depreciation	26	23,574,782.26	281,421,605.75	23,518,828.70	268,923,694.89
Fixed assets-net value	27	2,153,011.74	25,701,362.35	2,208,965.30	25,258,192.83
Less : Fixed assets depreciation reserves	28				
Fixed assets-net equity	29	2,153,011.74	25,701,362.35	2,208,965.30	25,258,192.83
Construction in progress liability	30				
Project goods and material	31				
Liquidation of fixed assets	32				
Productive living assets	33				
Oil and gas assets	34				
Intangible assets	35	1,045,181.25	12,476,746.65	1,086,168.75	12,419,687.96
Including : right to use land	36	1,045,181.25	12,476,746.65	1,086,168.75	12,419,687.96
Development expenditures	37				
Business reputation	38				
Cost-book value differentials	39				
Long-term deferred and prepaid expenses	40				
Deferred income tax assets	41				
Deferred taxes debit	42				
Other non-current assets	43				
Including : specially approved reserving materials	44				
Total non-current assets	45	3,198,192.99	38,178,109.00	3,295,134.05	37,677,880.78
TOTAL ASSETS	46	22,152,235.67	253,150,820.70	20,308,567.81	232,216,287.77
CURRENT LIABILITIES	47				
Short term loans	48				
Transaction financial liabilities	49				
Warrants payable	50				
Notes payable	51				
Accounts payable	52				
Advances from customers	53				
Employee pay payable	54	163,596.77	1,952,920.08	120,208.30	1,374,509.79
Including : accrued wages	55	148,374.97	1,771,211.37	120,208.30	1,374,509.79
accrued welfarism	56	15,221.80	181,708.72		
Including : staff and worker' bonus and welfare fund	57				

BALANCE SHEET AS ON 31ST DECEMBER, 2022 (Contd.)

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	31-Dec-22		31-Dec-21	
		CNY	INR	CNY	INR
Taxes and dues payable	58	28,565.71	341,000.31	5,895.15	67,407.50
Including : Taxes payable	59	28,565.71	341,000.31	5,895.15	67,407.50
Interest payable	60				
Dividends payable	61				
Other payables	62	44,136.70	526,877.44	35,000.00	400,204.00
Due within one year of non-current liabilities	63				
Other current liabilities	64				
Total current liabilities	65	**236,299.18**	**2,639,089.12**	**161,103.45**	**1,842,121.29**
NON-CURRENT LIABILITIES	66				
Long-term loans	67				
Bonds payable	68				
Long-term account payable	69				
Special payable	70				
Projected liabilities	71				
Deferred income tax liabilities	72				
Deferred taxes credit	73				
Other noncurrent liabilities	74				
Including : special reserve fund	75				
Total non-current liabilities	76				
Total liabilities	77	**236,299.18**	**2,639,089.12**	**161,103.45**	**1,842,121.29**
OWNERS' EQUITY	78				
Practical capital collected (or share capital)	79	19,013,598.02	226,972,925.00	19,013,598.02	217,409,085.20
National capital	80				
Collective capital	81				
Legal person"s capital	82				
Including : State-owned legal person"s capital	83				
Collective legal person"s capital	84				
Personal capital	85				
Foreign businessmen"s capital	86	19,013,598.02	226,972,925.00	19,013,598.02	217,409,085.20
Less : Investment returned	87				
Net paid in capital	88	19,013,598.02	226,972,925.00	19,013,598.02	217,409,085.20
Capital reserves	89	42,666.57	509,327.91	42,666.57	487,866.63
Less : treasury stock	90				
Surplus reserves	91				
Including :Legal surplus	92				
Free surplus reserves	93				
Reserve fund	94				
Enterprise expansion fund	95				
Profits capitalizad on return of investment	96				
Unaffirmed investment loss	97				
Undistributed profit	98	2,859,671.90	59,153,584.98	1,091,199.77	38,487,396.51
Including : cash dividends	99				
*Margin of Translation of Foreign Currency Financial Statements	100	–	36,124,106.31	–	26,010,181.86
Total equity attributable to equity holders of the Parent	101	21,915,936.49	250,511,731.58	20,147,464.36	230,374,166.48
*minority stockholder's interest	102				
Total owners' equity	103	**21,915,936.49**	**250,511,731.58**	**20,147,464.36**	**230,374,166.48**
Less : assets loss	104				
Total owners'equity net value less loss on assets)	105	**21,915,936.49**	**250,511,731.58**	**20,147,464.36**	**230,374,166.48**
TOTAL LIABILITIES AND OWNERS' EQUITY	106	**22,152,235.67**	**253,150,820.70**	**20,308,567.81**	**232,216,287.77**

Income statement and profit appropriation 2022

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	2022		2021	
		CNY	INR	CNY	INR
Income for main business	1	4,828,581.95	56,426,325.81	5,360,469.80	62,723,393.18
Less: cost of main business	2	3,021,550.52	35,309,537.22	2,830,982.01	33,125,603.60
Taxation and additional of main	3				
Main business profit	4	1,807,031.43	21,116,788.59	2,529,487.79	29,597,789.58
Add: other profit	5				
Less: Operating expenses	6	251,482.30	2,938,797.01	240,104.21	2,809,483.37
Management expenses	7	208,460.34	2,436,046.69	288,227.97	3,372,584.30
Including: Business entertainment	8				
Research and development expense	9				
Financial Expenses	10	(403,604.24)	(4,716,478.79)	(80,561.96)	(942,663.55)
Including: Interest exchange	11				
Interest income	12	284,527.85	3,324,964.00	284,952.74	3,334,260.51
Foreign exchange profit and loss	13	251,482.30	2,938,797.01	240,104.21	2,809,483.37
Operation Profit	14	1,750,693.03	20,458,423.68	2,081,717.57	24,358,385.46
Add: Investment income	15				
Including: for the investment benefits from the invested business and the united business and joint venture	16				
Subsidy Income	17				
Non-operating income	18	17,779.10	207,764.78	2,064.18	24,153.18
Including: income from disposal of long term assets	19				
Income from non-monetary assets exchange	20				
Government grands (subsidy income)	21				
Income from debt restructuring	22				
Less: Non-operating expenses	23				
Including: Loss on disposal of long-term assts	24				
Loss on non-monetary assets exchange	25				
Loss on debt restructuring	26				
Total Profit	27	1,768,472.13	20,666,188.46	2,083,781.75	24,382,538.63
Less: Income tax	28				
Net Profit	29	1,768,472.13	20,666,188.46	2,083,781.75	24,382,538.63
Add: Undistributed Profit at the beginning of year	30	1,091,199.77	12,751,651.39	(992,581.98)	(11,614,301.01)
Other transfer-in	31				
Profit available for distribution	32	2,859,671.90	33,417,839.86	1,091,199.77	12,768,237.63
Less: Appropriation of statutory surplus reserves	33				
Appropriation of Company expand fund	34				
Appropriation of staff incentive and welfare fund	35				
Capital redemption	36				
Profit available for owners' distribution	37	2,859,671.90	33,417,839.86	1,091,199.77	12,768,237.63
Less: Appropriated profit	38				
Common stock turn to capital	39				
Undivided Profit	40	2,859,671.90	33,417,839.86	1,091,199.77	12,768,237.63
Supplementary Information:	41				
Gains on disposal of operating divisions or investments	42				
Losses from natural disaster	43				
Increase (decrease) in profit due to changes in accounting policies	44				
Increase (decrease) in profit due to changes in accounting estimates	45				
Losses from debt restructuring	46				
Other	47				

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2022

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	2022		2021	
		CNY	INR	CNY	INR
1. Cash Flow from Operating Activities:	1				
Cash from selling commodities or offering labor	2	**5,491,949.11**	**64,178,368.10**	6,691,809.25	78,301,529.22
Refund of tax and fee received	3	**17,779.10**	**207,764.78**	2,064.18	24,153.18
Other cash received related to operating activities	4	**123,145.91**	**1,439,070.79**	138,225.90	1,617,395.08
Cash Inflow Subtotal	5	**5,632,874.12**	**65,825,203.68**	6,832,099.33	79,943,077.47
Cash paid for commodities or labor	6	**1,031,419.91**	**12,053,069.93**	898,067.88	10,508,382.07
Cash paid to and for employees	7	**2,228,084.00**	**26,037,166.82**	2,412,635.83	28,230,493.11
Taxes and fees paid	8	**149,961.14**	**1,752,430.89**	10,762.20	125,929.58
Other cash paid related to operating activities	9	**514,054.91**	**6,007,194.27**	694,327.16	8,124,391.53
Cash Outflow Subtotal	10	**3,923,519.96**	**45,849,861.90**	4,015,793.07	46,989,196.29
Cash flow generated from operating activities Net Amount	11	**1,709,354.16**	**19,975,341.78**	2,816,306.26	32,953,881.18
2. Cash Flow from Investing Activities	12				
Cash from investment withdrawal	13				
Cash from investment income	14				
Net cash from disposing fixed assets: intangible assets and other long-term assets	15				
Net cash inflows of disposal of subsidiaries and other business entities	16	–			
Other cash received related to investing activities	17				
Cash Inflow Subtotal	18	–	–	–	–
Cash paid for buying fixed assets: intangible assets and other long-term investment	19	–		9,998.00	116,987.60
Cash paid for investment	20				
Net cash outflows of procurement of subsidiaries and other business units	21				
Other cash paid related to investing activities	22				
Cash Outflow Subtotal	23	–	–	9,998.00	116,987.60
Cash flow generated from investing activities Net Amount	24	–	–	-9,998.00	-116,987.60
3. Cash Flow from Financing Activities	25				
Cash received from accepting investment	26				
Including: cash inflows from minority investment in subsidiaries	27				
Borrowings	28				
Other cash received related to financing activities	29				
Cash Inflow Subtotal	30				
Cash paid for debt	31				
Cash paid for dividend : profit or interest	32				
Including: dividends and earnings paid to minorities by subsidiaries	33				
Other cash paid related to financing activities	34				
Cash Outflow Subtotal	35				
Cash flow from financing activities Net Amount	36				
4. Foreign Currency Translation Gains (Losses)	37	**53.37**	**623.68**	-17.73	-207.46
5. Net Increase Of Cash and Cash Equivalents	38	**1,709,407.53**	**19,975,965.45**	2,806,290.53	32,836,686.12
Add : cash and cash equivalents beginning bal.	39	**12,957,706.13**	**151,422,458.06**	10,151,415.60	118,782,729.12
6 cash and cash equivalents ending bal.	40	**14,667,113.66**	**171,398,423.52**	12,957,706.13	151,619,415.24

STATEMENT OF CASHFLOW (II) 2022

Printed by Technico Horticultural (Kunming) Co. Ltd.

MONETARY UNIT RMB YUAN

ITEMS	LINE NO.	2022 CNY	2022 INR	2021 CNY	2021 INR
Supplementary Information	1				
1. Reconciliation of Net Profit to Cash Flow from Operating Activities:	2				
Net Profit	3	1,768,472.13	20,672,554.96	2,083,781.75	24,382,538.63
Add: Impairment losses on assets	4				
Depreciation of fixed assets	5	55,953.56	654,069.14	59,519.09	696,438.82
Amortisation of intangible assets	6	40,987.50	479,123.38	40,987.50	479,598.84
Amortisation of long-term deferred expenses	7	16,081.62	187,986.10	15,043.59	176,026.55
Decrease (increase) in deferred expenses	8		–		
Increase (decrease) in accrued expenses	9		–		
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	10		–		
Losses on write-off of fixed assets	11		–		
Finance expense (income)	12		–		
Losses (gains) arising from investments	13		–		
Deferred tax credit (debit)	14		–		
Decrease (increase) in inventories	15	(85,973.00)	(1,004,981.38)	(219,735.00)	(2,571,141.21)
Decrease (increase) in receivables under operating activities	16	(145,825.69)	(1,704,629.40)	848,195.36	9,924,818.73
Increase (decrease) in payables under operating activities	17	59,658.04	697,372.66	(11,486.03)	(134,399.19)
Others	18		–		
Net cash flow from operating activities	19	1,709,354.16	19,981,495.45	2,816,306.26	32,953,881.18
2. Investing and Financing Activities that do not Involve Cash Receipts and Payments:	20				
Conversion of debt into capital	21				
Fixed assets acquired under finance leases	22				
3. Net Increase in Cash and Cash Equivalents:	23				
Cash at the end of the period	24	14,667,113.66	171,451,225.13	12,957,706.13	151,619,415.20
Less: Cash at the beginning of the year	25	12,957,706.13	151,469,105.81	10,151,415.60	118,782,729.08
Add: Cash equivalents at the end of the period	26				
Less: Cash equivalents at the beginning of the period	27				
Net increase in cash and cash equivalents	28	1,709,407.53	19,982,119.32	2,806,290.53	32,836,686.12

NOTES TO THE FINANCIAL STATEMENTS

1. Brief information on the Company

Technico Horticultural (Kunming) Co., Ltd. (the "company") was established as a wholly foreign-owned enterprise invested by Technico Asia Holdings Pty Limited., under the "laws of the People's Republic of China (the "PRC") on Enterprises Operated Exclusively with Foreign Capital" and through the approval by the Foreign Economic and Trade Department of Yunnan province in the certification Dian zi (1997) No.0049. The Company of the registered capital USD2,300,000.00 was registered, with the business license number of Qi Du Zong zi No.000716, on 8 December 1997. The tenure of the Company is 50 years and may be extended upon application by the Company and approval of the relevant government authorities. The principal activities of the Company are the development, production and supply of microtuber potato.

2. Significant accounting policies and accounting estimates

The financial statements of the company are based on the assumption of going concern, based on actual transactions and events, it is recognized and measured in accordance with the "Accounting Standards for Small Businesses" (Cai Kuai [2011] No. 17) issued by the Ministry of Finance. For transactions or events that occur that are not regulated by the "Accounting Standards for Small Businesses", they shall be handled with reference to the relevant provisions in the "Accounting Standards for Business Enterprises", and prepared in accordance with the important accounting policies and accounting estimates as described below.

(1) Accounting regulations

The Company implements the "Accounting Standards for Small Businesses".

(2) Fiscal year

The fiscal year for the Company is from 1 January to 31 December of each calendar year.

(3) Accounting currency

The Company's financial records are maintained and the financial statements are stated in Renminbi ("RMB").

(4) Accounting basis and principle

The accounting basis of The Company is accrual principle, and the accounting principle is historical cost principle.

(5) Foreign currency transactions

All foreign currency transactions have been translated into RMB at the market rates of exchange prevailing on the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the market rates of exchange ruling at that date. The resulting exchange gains or losses are capitalized if they have relation to acquiring fixed assets before the fixed assets intended-use have been commenced; or are accounted as long-term prepaid expense in the preparative duration, or are dealt with in the profit and loss account in the operating duration, if they have not relation to acquiring fixed assets.

(6) Cash equivalents

Cash equivalents are the short-term investments, which are held by the Company at the short-term (generally within 3 months from the purchasing date to the date due), are easy to convert into currency and their value does not fluctuate significantly.

(7) Allowances for uncollectible accounts

The Company uses the allowance method in which the allowances for uncollectible accounts for the receivable items (including the accounts receivable and other receivable) are recognized in the ageing receivable account method and are dealt with in the profit and loss account and the balance sheet. The ageing receivable account method is made as follows:

a. Within 1 year, provision created at 0.5 percent of the receivable value;

b. 1-2 year, provision created at 10 percent part of the receivable value;

c. 2-3 year, provision created at 30 percent the receivable value.

If any receivable is evidently different from the others, the specific identification method is made for such receivable item.

(8) Inventories

Inventories, which are recorded at actual cost, include finished goods, work-in-progress and raw material.

For the unrecoverable inventory cost due to the damage, partly or wholly obsolescent, or where market price is lower than the cost, the provision for decline in value of inventories is determined according to the difference of the actual cost lower than net realizable value on an item-by-item basis, at the end of the period, and accounted for in the books.

(9) Fixed assets and depreciation

Fixed assets are recorded based on the actual cost. At the inception of a lease, the fixed assets used by a lessee under a finance lease are recorded at an amount equal to the lower of the carrying amount of the leased asset originally recorded in the books of the lessor and the present value of the minimum lease payments. (If the proportion of the recorded amount of the leased assets to the total amount of assets is lower than 30 percent, the leased assets are recorded at an amount equal to the total minimum lease payments.)

The standard about fixed asset: House and building, machinery and equipment, Motor vehicle and so on of the useful life more than one year, and non-principle operating equipment of the unit value over 2000 RMB with useful life more than two years

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life after deducting the estimated residual value. The categories, useful life, residual value and annual depreciation rate are as follows:

Category	Estimated useful life	Annual depreciation rate	Residual value
House and building	20years	4.50%	10.00%
Production equipment	10years	9.00%	10.00%
Motor vehicle	5years	18.00%	10.00%
Office equipment and other	5years	18.00%	10.00%

Provision for impairment: At the end of each period, The Company examines its fixed assets and if market value of the fixed asset has declined continually, become obsolete in technology, been not in use in the long term, or has been damaged, and the recoverable amount of the fixed asset is less than its carrying amount, the provision for impairment is determined according to the difference between the recoverable amount of the fixed asset and its carrying amount, on an item-by-item basis.

(10) Intangible assets

An intangible asset, which is acquired separately, is recorded based on the actual purchase price paid.

The cost of an intangible asset is amortized evenly over its expected useful life starting in the month in which it is obtained.

If the expected useful life exceeds the beneficial period stipulated in the relevant contract or the effective period stipulated by law, the amortization period of an intangible asset is determined in accordance with the following rules:

a. If the relevant contract stipulates the beneficial period but the law does not stipulate the effective period, the amortization period is not longer than the beneficial period stipulated by the relevant contract;

b. If the relevant contract does not stipulate the beneficial period but the law stipulates the effective period, the amortization period is not longer than the effective period stipulated by law;

c. If the relevant contract stipulates the beneficial period but the laws also stipulate the effective period, the amortization period is not longer than the shorter of the beneficial period and the effective period.

d. If the relevant contract does not stipulate the beneficial period and the law does not stipulate the effective period, the amortization period does not exceed 10 years.

e. If an intangible asset is no longer expected to be able to generate any economic benefits that flow to the enterprise, the carrying amount of the intangible asset is written off and is recognized in the books as gain or loss of the current period.

The Company reviews the carrying amount of the intangible asset at the end of each period. The difference between the expected receivable amount and the carrying amount of the intangible asset is recognized in the books as provision for impairment, on an item-by-item basis.

(11) Long-term prepaid expense

Long-term prepaid expenses are recorded based on the actual payments and amortized on the straight-line basis over the beneficial period.

The expenses (except for acquiring fixed assets), which occur in the preparative duration, are recorded as long-term expense, and are amortized over a period of five years starting from the month in which operations commence.

(12) Principle for recognition of revenue

a. Revenue from the sale of goods

The revenue is recognized when all the following conditions have been satisfied: the Company has transferred to the buyer significant risks and rewards of ownership of the goods; the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; the relevant amount of revenue and costs can be measured reliably.

b. Revenue from rendering of services

When the provision of services is started and completed within the same accounting year, revenue is recognized at the time of completion of the services, and receipt of money or holding the qualification of acquiring money;

When the provision of services is started and completed in different accounting years, the total income and the completion degree involving the service contract can be estimated reliably, it is probable that the economic benefits will flow to the Company and the outcome of a transaction involving the rendering of services can be estimated reliably, the service revenue is recognized at the balance sheet date by the use of the percentage of completion method.

The revenue referred to above is recognized when all the following conditions have been satisfied:

a. It is probable that the economic benefits will flow to the Company;

b. The amount of the revenue can be measured reliably.

(13) Corporation income tax

Corporation income tax is accounted on the tax payable basis.

3. Tax

VAT: According to the relevant tax laws in the PRC, the Company is exempted from VAT for the sales of the agricultural produce harvested by the Company.

Corporation income tax is accounted on the tax payable basis at a rate of 25% on its taxable income. However, according to the new income tax-laws in the PRC, the Company is an agricultural production company which is exempted from corporate income tax.

4. **Notes to significant items in the financial statements**

(1) **Cash**

Items	Ending Balance	Beginning Balance
Cash on hand	1,569.18	842.99
Cash in bank	14,665,544.48	12,956,863.14
Total	14,667,113.66	12,957,706.13

(2) **Account receivable**

Ageing	Ending Balance			Beginning Balance		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within 1 year	3,174,437.52	100.00	15,872.19	3,205,723.53	100.00	16,028.62
Total	3,174,437.52	100.00	15,872.19	3,205,723.53	100.00	16,028.62

(3) **Inventories and provision for loss on realization of inventory**

Item	Ending balance	Beginning balance
Work-in-progress	326,291.82	326,291.82
Finished goods	381,916.24	295,943.24
Total	708,208.06	622,235.06
Less: Provision for loss on realization of inventory		
Total	708,208.06	622,235.06

(4) **Fixed assets**

Item	Beginning balance	Increase of this year	Decrease of this year	Ending book balance
(1) Total original book value	25,727,794.00	0.00		25,727,794.00
Including: Houses and building	11,705,911.00			11,705,911.00
Production equipment	13,512,126.72			13,512,126.72
Transportation	168,499.12			168,499.12
Office and other equipment	341,257.16			341,257.16
(2) Total accumulated Depreciation	23,518,828.70	55,953.56		23,574,782.26
Including: Houses and building	10,987,557.68	0.00		10,987,557.68
Production equipment	12,142,711.26	14,708.60		12,157,419.86
Transportation	85,302.70	37,912.32		123,215.02
Office and other equipment	303,257.06	3,332.64		306,589.70
(3) Total net book value	2,208,965.30			2,153,011.74
Including: Houses and building	718,353.32			718,353.32
Production equipment	1,369,415.46			1,354,706.86
Transportation	83,196.42			45,284.10
Office and other equipment	38,000.10			34,667.46
(4) Total impairment provision				
Including: Houses and building				
Production equipment				
Transportation				
Office and other equipment				
(5) Total book value	2,208,965.30			2,153,011.74
Including: Houses and building	718,353.32			718,353.32
Production equipment	1,369,415.46			1,354,706.86
Transportation	83,196.42			45,284.10
Office and other equipment	38,000.10			34,667.46

Office and other equipment are fixed assets that have been fully depreciated and are still in use.

(5) Intangible assets

Item	Beginning balance	Increase of this year	Decrease of this year	Ending balance
(1) Total original price	2,049,375.00	–	–	**2,049,375.00**
Including:Land use rights	20,49,375.00	–	–	**20,49,375.00**
(2) Total accumulated amortization	963,206.25	40,987.50	–	**1,004,193.75**
Land use rights	963,206.25	40,987.50	–	**1,004,193.75**
(3) Total impairment provision				
Including:Land use rights				
(4) Total book value	1,086,168.75	–	–	**1,045,181.25**
Including:Land use rights	1,086,168.75	–	–	**1,045,181.25**

(6) Other payables

Ageing	Ending balance	Beginning balance
Within 1 year (including 1 year)	**44,136.70**	35,000.00
1-2 years (including 2 years)		
2-3 years (including 3 years)		
Over 3 years		
Total	**44,136.70**	35,000.00

(7) Paid-in capital

Investors	Beginning balance		Ending balance	
	Shareholding percentage	Contributed amount	Shareholding percentage	Contributed amount
Technico Asia Holdings Pty Limited	100.00	19,013,598.02	**100.00**	**19,013,598.02**
Total	100.00	19,013,598.02	**100.00**	**19,013,598.02**

(8) Capital surplus

Item	Beginning balance	Increase of this year	Decrease of this year	Ending balance	Change reason
Translation reserve	42,666.57			**42,666.57**	
Total	42,666.57			**42,666.57**	

(9) Retained Earning

Items	Ending balance
Undistributed Profit at the beginning of year	**1,091,199.77**
Add: Net Profit	**1,768,472.13**
Other	
Less: Appropriation of statutory surplus reserves	
Appropriation of Company expand fund	
Appropriation of staff incentive and welfare fund	
Capital redemption	
Appropriated profit	
Common stock turn to capital	
Undivided Profit	**2,859,671.90**

(10) Primary operating profit

Item	Operating revenue		Operating cost	
	Amount incurred this year	Amount incurred last year	**Amount incurred this year**	Amount incurred last year
Sales income TT	**4,828,581.95**	5,360,469.80	**3,021,550.52**	2,830,982.01
Total	**4,828,581.95**	5,360,469.80	**3,021,550.52**	2,830,982.01

(11) Finance expense

Item	**Amount incurred this year**	Amount incurred last year
Interest expense		
Less: Interest income	**284,527.85**	284,952.74
Foreign exchange loss	**53,829.90**	203,853.78
Less: Foreign exchange gain	**175,602.09**	4.2
Bank fee	**2,695.80**	541.20
Total	**-403,604.24**	-80,561.96

5. **Contingencies**

   Up to 31 December 2022, there are no material contingencies for the Company.

6. **Promised events**

   Up to 31 December 2022, there are no material promised events for the Company.

7. **Non-adjusting events subsequent to the balance sheet date**

   There are no material non-adjusting events subsequent to the balance sheet date for the Company.

8. **Other material events stated**

   Up to 31 December 2022, there are no other material matters specially stated for the Company.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

Your Board of Directors ('Board') hereby submit their Report for the financial year ended 31st March, 2023.

OPERATING ENVIRONMENT

Your Company's leadership in production of early generation seed potatoes and strength in agronomy continues to support the seed potato requirements of the farmer base and also the Bingo! range of potato chips of ITC Limited, the parent entity.

During the year under review, potato production in India was 51 million metric tons (MT), lower by 5% compared to the previous year. The seed prices in the initial part of the year were supported by high table potato prices, because of the shortfall in the crop. However, as the year progressed, demand for seed remained subdued, on account of lower planting due to continuous and heavy rains during September and October. This resulted in a pile up of seed inventory in cold stores, which led to a drop in seed prices in the peak selling season of October to November.

Despite the challenging environment, your Company was able to deliver a competitively superior performance in this highly volatile market, by leveraging its institutional strengths and relying on its well-structured on-ground intelligence gathered from all the markets, supplemented by its superior product quality and wide distribution network. Your Company recorded Revenue from Operations at ₹ 257.77 crores (previous year ₹ 256.67 crores) with a Net Profit of ₹ 41.39 crores (previous year ₹ 43.04 crores). Total Comprehensive Income for the year stood at ₹ 41.42 crores (previous year ₹ 43.04 crores).

Your Company continues to build a strong foundation for the future and remains confident of effectively leveraging its deep domain expertise to fortify its market standing in the seed potato industry.

SEED BUSINESS

(a) Growing of TECHNITUBER® Seed Potatoes

During the year under review, your Company harvested higher quantum of TECHNITUBER® seed potatoes at 250.08 lakhs (previous year: 217.40 lakhs) at its facility in Manpura, Himachal Pradesh, facilitated by the four new green houses added in the year 2021.

(b) Field agricultural operations

Your Company achieved an all time high production of 1,21,825 MT (previous year 89,121 MT) for early generation seed potatoes, aided by higher planting area 12,033 acres, (previous year 10,043 acres) and further supported by good weather during the entire crop period from October, 2022 to March, 2023. Your Company continued to conduct trials and introduce new varieties of potatoes that improve farm yields and augment farmer incomes on one hand, while supporting the requirements of the processing industry on the other. Your Company also continued to promote farm & storage mechanisation processes and showcase benefits of soil health and the latest technology to farmers in the said areas for knowledge dissemination and adoption.

Your Company is exposed to the inherent risk of crop losses due to weather conditions and diseases. Your Company seeks to address these risks by widening the geographical spread of farms and farmers, coupled with the use of multiple varieties of seed potatoes that carry resistance traits to frost, blight, rotting and so on.

(c) Marketing

Your Company sold 70,739 MT of early generation seed potatoes as against 72,863 MT in the previous year. TECHNITUBER® seed potato exports were higher at 8.15 lakhs as against 7.20 lakhs in the previous year.

Your Company is exposed to market risks arising from fluctuations in the demand and price environment in potato markets. While it has no control over the market behaviour, your Company seeks to continually reinforce its market standing on the strength of its brand supported by proprietary technology, package of agronomy practices and farmer relationships and by diversifying the geographies in which it operates.

Your Company is confident of its competitive edge in the market place and its capacity to deliver superior product performance, premised on the strong demand for its seed potatoes from loyal customer and farmer bases, fuelled by its superior technology and the expertise of its employees.

FRUITS AND VEGETABLES BUSINESS

Your Company has been building capabilities for sourcing fruits and vegetables, specially potatoes for edible purpose and processing industry from its farmer base and supplying to processors and retailers. This business has also started scaling up in the NCR region and your Company has been providing back-end sourcing support to the 'Farmland' brand of potatoes and regularly supplying Chipstock potatoes for Bingo! range of potato chips of its parent entity.

FINANCIAL PERFORMANCE

The summarised financial results of your Company, are as under:

(₹ in lakhs)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Profits		
a. Profit Before Tax	**4883.33**	5081.94
b. Less : Tax Expense	**749.66**	778.00
c. Profit After Tax	**4138.38**	4303.94
d. Add : Other Comprehensive Income / (Loss)	**3.53**	(0.01)
e. Total Comprehensive Income	**4141.91**	4303.93

RETAINED EARNINGS

The movement in Retained Earnings is summarised below:

(₹ in lakhs)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Retained Earnings		
a. At the beginning of the year	**6457.05**	5190.14
b. Add : Profit for the year	**4138.38**	4303.94
c. Add : Other Comprehensive Income / (Loss)	**3.53**	(0.01)
d. Less: Interim Dividend paid	**–**	3037.02
e. At the end of year	**10598.96**	6457.05

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Changes in Directors during the year

Mr. Sachidanand Shivprakash Madan (DIN: 00419076), consequent to completion of his term, stepped down as Non-Executive Director of the Company with effect from close of work on 27th November, 2022.

The Board of Directors of the Company ('Board') at its meeting held on 26th November, 2022, appointed Mr. Rajnikant Rai (DIN: 02539763) as an Additional Non-Executive Director of the Company with effect from the said date. In accordance with Section 161 of the Companies Act, 2013 ('Act') and Article 109 of the Articles of Association of the Company, Mr. Rai will vacate office at the ensuing Annual General Meeting ('AGM') of the Company.

Your Board at its meeting held on 1st May, 2023, recommended for the approval of the Members, the appointment of Mr. Rai as a Non-Executive Director of your Company, liable to retire by rotation. Requisite Notice under Section 160 of the Act has been received by the Company for the appointment of Mr. Rai, who has also given his consent to act as a Director of your Company, if appointed. Appropriate resolution seeking your approval to the said appointment is appearing in the Notice convening the ensuing AGM of the Company.

(b) Retirement of Directors by rotation

In accordance with the provisions of Section 152 of the Act read with Article 123 of the Articles of Association of the Company, Messrs. Sivakumar Surampudi (DIN: 00341392) and Dharmarajan Ashok (DIN: 02009735), Directors of the Company will retire by rotation at the ensuing AGM of the Company, and being eligible, offer themselves for re-election. Your Board has recommended their re-election.

(c) Changes in Key Managerial Personnel during the year

Ms. Anjali, Company Secretary, resigned with effect from close of work on 4th January, 2023. The Board at its Meeting held on 23rd March, 2023 appointed Ms. Vanshika Kapur as Company Secretary of your Company, with effect from the said date, in terms of the provisions of Section 203 of the Act.

(d) Board Evaluation

The Board carried out annual performance evaluation of its own performance and that of the individual Directors and also functioning of the CSR Committee, as required under Section 134 of the Act, based on the criteria approved by the Board. A report on the functioning of the CSR Committee was placed before the Board by the Chairman of the Committee after discussion with the Committee members.

BOARD & BOARD COMMITTEE

Board of Directors

The present composition of the Board is as follows :

Mr. S. Sivakumar	–	Chairman & Non Executive Director
Mr. D. Ashok	–	Non Executive Director
Mr. Sachidanand S. Madan#	–	Non Executive Director
Mr. David McDonald	–	Non Executive Director
Mr. S. Ganesh Kumar	–	Non Executive Director
Mr. Rajnikant Rai ##	–	Additional Director

#Ceased to be a Director w.e.f close of work on 27th November, 2022.

##Appointed with effect from 26th November, 2022.

Seven meetings of the Board were held during the year ended 31st March, 2023.

CSR Committee

Your Company is not required to present any Board Committees under the Act except CSR Committee. The composition of the CSR Committee of the Board is given below:

Mr. S. Sivakumar	–	Chairman
Mr. D. Ashok	–	Member
Mr. Sachidanand S. Madan#	–	Member
Mr. David McDonald##	–	Member

Till 27th November, 2022

With effect from 28th November, 2022

Two meetings of the CSR Committee of the Board were held during the year ended 31st March, 2023.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 of the Act, your Directors confirm having:

a) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

b) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

d) prepared the Annual Accounts on a going concern basis; and

e) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

The Corporate Governance Policy of your Company that delineates the roles, responsibilities and authorities of the key functionaries involved in governance, coupled with the Code of Conduct that commits management to your Company's financial and accounting policies, systems and processes together with the Risk Management framework, provide the foundation for your Company's Internal Financial Controls with reference to the Financial Statements.

The Financial Statements of your Company are prepared on the basis of the Significant Accounting Policies that are selected by the management and approved by the Board. The tenets of these Policies are implemented through the Accounting Manual, Standard Operating Procedures and pre-determined authority levels for executing transactions. These, along with the transactional controls built into the IT systems, ensure appropriate segregation of duties and approval mechanisms commensurate with the level of responsibility. Management periodically reviews the aforesaid regime of controls and its operating effectiveness. Internal audits are conducted and the findings and recommendations arising from such audits are reviewed by the Board and tracked thoroughly for implementation.

Your Company has in place adequate Internal Financial Controls with reference to the Financial Statements, commensurate with its size and nature of its operations. Such Controls have been tested during the year, taking into consideration the essential components of internal controls as applicable. Based on the results of such assessment carried out by the management, no reportable material weakness or significant deficiency in the design or operation of internal financial controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes are undertaken to ensure that such systems are reinforced on an ongoing basis.

RISK MANAGEMENT

The Risk Management Policy of your Company, as approved by the Board, is designed to assess, mitigate and monitor risks arising out of the overall strategy of your Company and its regulatory environment. The Internal Auditor of the Company is mandated to carry out risk focused audits that enable review of risk management processes by the Board.

While your Company has no control over market behaviour, the management and mitigation of market risk is rooted in your Company's strategy of continually reinforcing its competitive edge in the market place premised on its proprietary technology and the expertise of its employees and farmers on one hand, and its loyal customer base on the other. Your Company also recognises that its business is subject to climatic, agricultural and cyclical risks and accordingly seeks to diversify across growing zones and expand its customer base.

Your Company will continue to focus on strengthening its risk management framework to protect business value from uncertainties and risks including those that have arisen due to COVID-19 pandemic and consequent losses, through measures that are embedded in its business strategies, policies and processes to the extent practical and effective in the long-term.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company does not have any subsidiary, associate or joint venture.

PARTICULARS OF EMPLOYEES

The details of employee(s) who had drawn remuneration more than the limit specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 along with the details of top ten employees of your Company in terms of remuneration drawn, as required under the said Rule, are provided in **Annexure 1** to this Report.

Your Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has constituted an Internal Complaints Committee in compliance with the applicable provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint for sexual harassment was received.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Annual Report on the CSR Activities of your Company in terms of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure 2** to this Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2023, your Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

RELATED PARTY TRANSACTIONS

During the year ended 31st March, 2023, all the related party transactions entered into by the Company were in the ordinary course of business and at arm's length. The details of material related party transactions in the prescribed Form AOC-2 are enclosed as **Annexure 3** to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of your Company and its future operations.

COST RECORDS

Your Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

EXTRACT OF ANNUAL RETURN

In terms of Sections 92(3) and 134 of the Act, the annual return of the Company is available on the website of the Company and the same can be accessed at: https://technituberindia.com/compliance .

STATUTORY AUDITORS

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were appointed as the Auditors of your Company at the 20th AGM held on 11th June, 2019 to hold such office till the conclusion of the 25th AGM (up to financial year 2023-24). Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of SRBC for the financial year 2023-24. Appropriate resolution in respect of the same is appearing in the Notice convening the ensuing AGM of the Company.

There were no qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors in their Report on the financial statements of the Company for the year ended 31st March, 2023.

SECRETARIAL AUDITORS

Your Board appointed Messrs. S.K. Sikka & Associates, Practising Company Secretaries, as the Secretarial Auditors of the Company for the financial year ended 31st March, 2023. The Report of the Secretarial Auditors pursuant to Section 204 of the Act, is enclosed under **Annexure 4** to this Report.

There were no qualification, reservation or adverse remark or disclaimer made by the Secretarial Auditor in the Secretarial Auditor's Report.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is enclosed under **Annexure 5** to this Report.

ACKNOWLEDGEMENT

Your Board acknowledges the assistance and support rendered to the Company by the Government, Banks, customers and business associates and the hardwork of employees.

Your Directors look forward to the future with confidence.

On behalf of the Board

S. Sivakumar
Chairman

Dated : 1st May, 2023

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2023

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Name of employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment/ Deputation	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
Soundararadjane S *	53	Chief Executive Officer	2,13,76,477	1,08,79,935	M.Sc. (Agriculture)	30	28.11.2020	Monsanto Holdings Private Limited Commercial Lead – Asia Africa Region
S. Pal Singh *	61	Vice President – Supply Chain	1,38,18,601	74,61,840	M.Sc. (Agriculture)	37	01.04.2012	Russell Credit Limited – on deputation to Technico Agri Sciences Limited
N. K. Jha *	47	Business Head – Seed & F&V	1,12,32,868	67,96,897	M.Sc. (Agriculture), M.S. (IT in Agriculture), M.B.A. (Marketing)	19	16.08.2007	Reliance Retail Limited – State Head - Planning & MIS
S. Madan	57	Chief Financial Officer	1,03,81,106	70,14,360	B.Com. (Hons.), F.C.A.	31	01.08.2005	Saboo Coatings Limited – Chief Finance Officer
A. Aggarwal	44	General Manager - Finance	43,33,690	31,42,698	B.Com., A.C.A.	21	03.03.2006	Satyam Computer Services Limited – Sr. Associate
T. Pant	56	General Manager - Agronomy	38,80,639	28,72,503	M.Sc. (Agriculture)	28	01.08.2001	Indomint Agriproducts Private Limited – Area Manager
S. K. Das	47	Head Channel Sales	33,36,881	26,13,081	B.Sc. (Agriculture)	20	15.04.2022	Utkal Tubers India Private Limited – National Sales Manager
Rajvir Singh	52	Deputy General Manager - Facility	31,52,219	24,08,661	M.Sc. (Agriculture)	28	15.05.2000	Salora Floritech Limited – Horticulturist
D. K. Suman	47	Deputy General Manager - Seed Production	31,31,664	23,76,323	M.Sc. (Breeding & Genetic Resources)	23	23.08.2021	Mc Cain Foods India Private Limited – Sr. Manager Agriculture Operations
N. Rohela	44	Business Manager-Chipstock	27,70,368	21,94,168	M.Sc. (Agriculture)	19	27.06.2022	Pepsico India Holdings Private Limited - Regional Manager

* *On deputation from ITC Limited, holding company (ITC).*

Notes:

a. Gross remuneration includes salary, variable pay / performance bonus, long-term incentives, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

c. Certain employees (including deputed employees) have been granted Stock Options by ITC under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. Since these Stock Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options, and accordingly the said grant has not been considered as remuneration.

d. All appointments (except deputed employees) are contractual in accordance with terms and conditions as per your Company's rules.

e. The aforesaid employees are / were neither relative of any Director of your Company nor hold any equity share in your Company.

On behalf of the Board

Dated : 1st May, 2023

S. Sivakumar
Chairman

Annexure 2 to the Report of the Board of Directors

Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2023

[Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. **A brief outline on CSR Policy of the Company:**

   Technico Agri Sciences Limited (TASL), a wholly owned subsidiary of ITC Limited (ITC), discharges its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC.

   TASL, accordingly, undertake CSR activities:

   (a) as listed in Schedule VII to the Companies Act, 2013 (the Act), in line with the CSR initiatives of ITC and as approved by the CSR Committee of the Board of the Company;

   (b) directly or through a registered trust or a registered society or a company established under Section 8 of the Act; TASL may also contribute to the corpus of a registered trust or a registered society or a company under Section 8 of the Act, established by ITC or otherwise, provided (i) such trust / society / company is created exclusively for undertaking CSR activities or (ii) the corpus of such trust / society / company is created exclusively for a purpose directly relatable to a subject covered in Schedule VII to the Act. Such trust / society / company should also have an established track record of undertaking CSR activities for three years.

   TASL may collaborate with ITC or other companies for undertaking CSR activities.

2. **Composition of the CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. S. Sivakumar (Chairman of the Committee)	Chairman & Non-Executive Director	2	2
2.	Mr. D. Ashok	Member - Non- Executive Director		2
3.	Mr. Sachidanand S. Madan**	Member - Non- Executive Director		2
3.	Mr. David McDonald**	Member - Non- Executive Director		0

** On completion of term of Mr. Sachidanand S. Madan on 27th November, 2022, Mr. David McDonald was appointed as a member of the CSR Committee with effect from 28th November, 2022. No meeting of CSR Committee was held post appointment of Mr. David McDonald as member of the Committee.

3. The web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: www.technituberindia.com .

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8, if applicable: **Not Applicable**

5. (a) Average net profit of the Company as per Section 135(5): ₹ **5883.75 lakhs**

   (b) Two percent of average net profit of the Company as per sub-section (5) of Section 135: ₹ **117.7 lakhs**

   (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**

   (d) Amount required to be set off for the financial year, if any: **Nil**

   (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ **117.7 lakhs**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ **118.4 lakhs**

   (b) Amount spent in Administrative Overheads: **NIL**

   (c) Amount spent on Impact Assessment, if applicable.: **Not Applicable**

   (d) Total amount spent for the financial year [(a)+(b)+(c)]: ₹ **118.4 lakhs**

   (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the financial year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (₹)	Date of transfer	Name of the Fund	Amount (₹)	Date of transfer
₹ 118.4 lakhs	Not Applicable				

   f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (₹ in lakhs)
(i)	Two percent of average net profits of the Company as per Section 135(5)	**117.7**
(ii)	Total amount spent for the financial year	**118.4**
(iii)	Excess amount spent for the financial year [(ii)-(i)]	**0.7**
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	–
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	**0.7#**

The total CSR spend during the FY 2022-23 amounts to ₹ 118.4 lakhs against an obligation of ₹ 117.7 lakhs. Hence there is an excess spend of ₹ 0.70 lakhs for which set off is not being claimed by the Company.

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding financial year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting financial year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1	2019-20	Not Applicable					
2	2020-21						
3	2021-22						

8. In case of creation or acquisition of capital asset, through CSR spent in the financial year (asset-wise details):

○ Yes ✓ No

If Yes. Enter the number of Capital assets created/ acquired: Not applicable

Furnish the details relating to such assets(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or assets(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner
			CSR Registration Number if applicable	Name	Registered Address
Not Applicable					

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): **Not Applicable**

On behalf of the Board

Dharmarajan Ashok
Director

S. Sivakumar
Chairman CSR Committee

Dated : 1st May, 2023

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Annexure 3 to the Report of the Board of Directors for the financial year ended 31st March, 2023

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by your Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

A.

a)	Name(s) of the related party and nature of relationship	ITC Limited, the Holding Company (ITC)
b)	Nature of contracts / arrangements / transactions	Sale of potatoes (Chipstock), fruits and vegetables
c)	Duration of the contracts / arrangements / transactions	1st April, 2022 to 31st March, 2023
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	The Company sold potatoes to ITC having aggregate sale value of ₹ 5,141.60 lakhs
e)	Date(s) of approval by the Board, if any	22nd March, 2022
f)	Amount paid as advances, if any	Nil

B.

a)	Name(s) of the related party and nature of relationship	Mr. Sachidanand Shivprakash Madan - A retainer and Non-Executive Director of your Company.
b)	Nature of contracts / arrangements / transactions	Mr. Madan provided professional advisory services to the Company in the areas of global potato variety development, their imports specially for Chipstock, potato minituber production and sale including export, seed potato multiplication and sale, farming of potatoes, global & local breeder and processor relationships etc.
c)	Duration of the contracts / arrangements / transactions	28th November, 2021 to 27th November, 2022.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Remuneration: Monthly fee of ₹ 5,50,000/- plus goods and services tax as applicable, and variable pay linked to agreed deliverables not exceeding ₹ 30,00,000/- per annum.
e)	Date(s) of approval by the Board, if any	19th October, 2021
f)	Amount paid as advances, if any	Nil

On behalf of the Board

Dated : 1st May, 2023

S. Sivakumar
Chairman

Annexure 4 to the Report of the Board of Directors for the financial year ended 31st March, 2023

SECRETARIAL AUDIT REPORT (Form No. MR-3)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the financial year ended 31st March 2023

To
The Members
Technico Agri Sciences Limited
(CIN U01111DL1999PLC098646)
25, Community Centre Basant Lok,
Vasant Vihar, South West Delhi, 110057

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **TECHNICO AGRI SCIENCES LIMITED** (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, registers, papers, minute books, forms and returns filed and other records maintained by the Company and available on MCA portal and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March 2023, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, registers, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2023, according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made thereunder;

2) The Depositories Act, 2018 and the Regulations and bye-laws framed thereunder;

3) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

4) Specific laws applicable as mentioned hereunder:

   (a) The Seeds Act, 1966.

The Company is an unlisted public company and a wholly owned subsidiary of a listed company.

I have also examined compliance with the applicable clauses of the Secretarial Standards pursuant to Section 118(10) of the Act, issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- Adequate notices were given to all the Directors to schedule the Board Meetings, including committees thereof, along with agenda and detailed notes on agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the directors. The decisions are carried unanimously.

- The total amount required to be spent by the Company on CSR was ₹ 117.70 lakhs and the amount actually spent during the year under report was ₹ 118.47 lakhs which was spent for the activities as per Schedule VII.

I further report that there are adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there was no event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

I further report that during the audit period, there were no instances of:

i. Public / Rights / Preferential Issue of Shares /Sweat Equity.

ii. Redemption / Buy-Back of Securities.

iii. Merger / Amalgamation / Reconstruction etc.

iv. Foreign Technical Collaborations.

This Report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

For S. K. SIKKA & ASSOCIATES
Company Secretaries

Place: Chandigarh
Date: 22.04.2023

(Sushil K. Sikka)
Prop.
FCS 4241, CP 3582
UDIN : F004241E000172002

Annexure –A to Secretarial Auditors' Report

To

The Members

Technico Agri Sciences Limited

(CIN U01111DL1999PLC098646)

25, Community Centre Basant Lok,

Vasant Vihar, South West Delhi, 110057

My Secretarial Audit Report for Financial Year ended on 31st March 2023 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of event etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S. K. SIKKA & ASSOCIATES
Company Secretaries

Place: Chandigarh
Date: 22.04.2023

(Sushil K. Sikka)
Prop.
FCS 4241, CP 3582
UDIN : F004241E000172002

Annexure 5 to the Report of the Board of Directors for the financial year ended 31st March, 2023

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

i. Conservation of Energy:

Your Company continued to make efforts to improve its energy usage efficiencies. Various key performance indicators like energy consumed per unit of production, trends in total energy consumed over the years etc. are constantly tracked to monitor energy consumption. However, the total cost of energy in your Company's operations is quite small. Some of the measures adopted include:

1. Installed higher efficiency Light Emitting Diodes (LEDs), which resulted in efficient energy usage of lighting systems.
2. Installed large glass windows at Facility and Company's office for utilising natural sunlight, thereby reducing the electricity consumption.

Given the limited cost of energy in its overall operations at present, your Company does not have any active proposal for using alternate energy sources.

ii. Research and Development

Your Company continues to be engaged in Research and Development activities in both TECHNITUBER® seed potato production as well as field generated seed potato production with the objectives of reducing consumption of water and fertilisers, trialing new climate/disease resilient varieties of seed potatoes, using new chemicals to minimise disease pressure, thereby, reducing agricultural risk to its farmers, enhancing farm yields etc.

iii. Technology Absorption, Adaptation and Innovation - Not Applicable

iv. Foreign Exchange Earnings and Outgo (₹ in lakhs)

Foreign Exchange Earnings	:	37.52
Foreign Exchange Outgo	:	22.31

On behalf of the Board

Dated : 1st May, 2023

S. Sivakumar
Chairman

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TECHNICO AGRI SCIENCES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Technico Agri Sciences Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. 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 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also 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 SAs 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 SAs, we exercise professional judgment and maintain professional skepticism 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 to the financial statements;

ii. The Company have long-term contracts as at March 31, 2023 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2023;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Ajay Bansal
Partner
Membership Number: 502243
UDIN: 23502243BGTIUP2689
Place of Signature: Gurugram
Date: May 01, 2023

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT ON EVEN DATE

Re: Technico Agri Sciences Limited (‘the Company’)

(i) (a) (A) The Company has maintained proper records showing full particulars, including situation and quantitative details of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 3.1 to the financial statements included in property, plant and equipment are held in the name of the Company, Further in respect of land admeasuring (01.04) bighas amounting to Rs. 0.88 lakhs, the Company has received favorable order dated 28th March, 2018 passed by the court of Civil Judge, Nalagarh, Distt. Solan, Himachal Pradesh. The statutory time limit for filing an appeal and other remedial measures as permitted under law has elapsed and the execution proceedings in favour of the Company are in process. Accordingly, it has been concluded that the land is held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder..

(ii) (a) The inventory and biological assets has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed. Inventories and biological assets lying with third parties have been confirmed by them as at March 31, 2023 and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such confirmations.

(b) As disclosed in note 11 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The monthly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the records of the Company, the dues of income-tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Period to which the amount relates	Amount involved (INR in lakhs)	Forum where dispute is pending
Income tax Act, 1961	Income tax demand	Assessment Year 2016-2017	1,066.85	Commissioner of Income tax (appeals)
Income tax Act, 1961	Income tax demand	Assessment Year 2017-2018	1,286.16	Commissioner of Income tax (appeals)
Income tax Act, 1961	Income tax demand	Assessment Year 2018-2019	982.03	Commissioner of Income tax (appeals)
Income tax Act, 1961	Income tax demand	Assessment Year 2020-2021	1,168.03	Commissioner of Income tax (appeals)

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, the whistle blower policy is not applicable to the company.

(xii) (a) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.

(b) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.

(c) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business

(b) The Company has an internal audit cycle commencing from October 01, 2021 and ending on September 30, 2022, for which report was considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There is not more than one CIC as part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses during the year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 45 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 31 to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 31 to the financial statements.

(xxi) The company does not have any subsidiaries, associates, joint ventures. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Ajay Bansal
Partner
Membership Number: 502243
UDIN: 23502243BGTIUP2689
Place of Signature: Gurugram
Date: May 01, 2023

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF TECHNICO AGRI SCIENCES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal financial controls over financial reporting of Technico Agri Sciences Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (I) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Ajay Bansal
Partner
Membership Number: 502243
UDIN: 23502243BGTIUP2689
Place of Signature: Gurugram
Date: May 01, 2023

BALANCE SHEET AS AT 31 MARCH, 2023

(Amount in ₹ lakhs)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3.1	2370.84	1496.32
(b) Capital work-in-progress	3.1	–	108.92
(c) Intangible assets	3.2	4.17	5.88
(d) Intangible assets under development	3.3	1.06	–
(e) Right-of-use assets	3.4,34	190.37	134.86
(f) Financial assets			
(i) Other financial assets	6	11.87	11.78
(g) Deferred tax assets (Net)	7	8.42	4.89
(h) Other non-current assets	8	25.22	38.72
Total non-current assets		2611.95	1801.37
Current assets			
(a) Inventories	9	6165.62	3324.65
(b) Biological assets other than bearer plants	4	14064.73	10692.33
(c) Financial assets			
(i) Investments	5	–	3620.51
(ii) Trade receivables	10	116.78	543.40
(iii) Cash and cash equivalents	11	108.96	341.73
(iv) Other bank balances	12	4525.00	2433.00
(v) Other financial assets	6	201.54	55.56
(d) Other current assets	8	115.88	119.11
Total current assets		25298.51	21130.29
Total assets		27910.46	22931.66
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	3796.28	3796.28
(b) Other equity	14	10598.96	6457.05
Total equity		14395.24	**10253.33**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	34	194.02	145.56
(ii) Other financial liabilities	17	34.98	34.57
(b) Provisions	15	22.97	26.75
Total non-current liabilities		251.97	**206.88**
Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	34	34.38	18.43
(ii) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	16	0.02	3.63
- total outstanding dues of creditors other than micro enterprises and small enterprises	16	6781.23	5911.64
(iii) Other financial liabilities	17	519.90	413.14
(b) Contract liabilities	18	2324.68	2931.55
(c) Other current liabilities	19	67.95	356.40
(d) Liabilities for current tax (net of advance income tax including TDS recoverable)		3455.17	2765.44
(e) Provisions	15	79.92	71.22
Total current liabilities		13263.25	12471.45
Total liabilities		13515.22	12678.33
Total equity and liabilities		27910.46	22931.66

The accompanying notes 1 to 46 are an integral part of the financial statements

This is the Balance Sheet referred to in our report of even date.

For SRBC & Co LLP
Firm registration number: 324982E/E300003
Chartered Accountants

Ajay Bansal
Partner
Membership no.: 502243

Place: Gurugram
Date: 1 May, 2023

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
Chairman
Hyderabad

Dharmarajan Ashok
Director
Kolkata

Soundararadjane S.
Chief Executive Officer
Chandigarh

Sanjeev Madan
Chief Financial Officer
Chandigarh

Vanshika Kapur
Company Secretary
Chandigarh

Date: 1 May, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2023

(Amount in ₹ lakhs)

	Particulars	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
I	Revenue from operations	20	25776.57	25666.89
II	Other income	21	600.88	435.99
III	**Total Income (I+II)**		26377.45	26102.88
IV	**Expenses**			
	Cost of raw material and components consumed	22	1382.22	1391.73
	Purchases of stock-in-trade and biological assets	23	8794.53	5791.15
	Changes in inventories of finished goods, stock-in-trade and biological assets	24, 4	(6233.98)	593.50
	Employee benefits expense	25	1822.62	1540.13
	Finance costs	26	18.69	20.64
	Depreciation and amortisation expense	27	262.63	207.77
	Other expenses	28	15447.41	11476.02
	Total expenses (IV)		21494.12	21020.94
V	**Profit before tax (III-IV)**		4883.33	5081.94
VI	**Tax expenses :**			
	(1) Current tax	29	749.66	776.80
	(2) Deferred tax	7, 29	(4.71)	1.20
	Total tax expenses		744.95	778.00
VII	**Profit for the year (V-VI)**		4138.38	4303.94
VIII	**Other comprehensive income**			
	(i)Items that will not be reclassified to profit or loss			
	- Remeasurements of net defined benefit liability	35	4.71	(0.01)
	(ii) Tax relating to items that will not be reclassified to profit or loss		(1.18)	–
	Total other comprehensive income/(loss) (i + ii)		3.53	(0.01)
IX	**Total comprehensive income for the year (VII+VIII)**		4141.91	4303.93
	Earnings per share (in ₹) [(Face value ₹ 10 each (31 March 2022 : ₹ 10)]	30		
	(1) Basic		10.90	11.34
	(2) Diluted		10.90	11.34

The accompanying notes 1 to 46 are an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our report of even date.

For SRBC & Co LLP
Firm registration number: 324982E/E300003
Chartered Accountants

Ajay Bansal
Partner
Membership no.: 502243

Place: Gurugram
Date: 1 May, 2023

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Chief Financial Officer
Chandigarh

Vanshika Kapur
Company Secretary
Chandigarh

Date: 1May, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2023

A. Equity Share Capital

(Amount in ₹ lakhs)

Particulars	Number of Shares	Amount
For the year ended 31 March 2023		
Equity shares of ₹ 10 each issued, subscribed and fully paid At 1 April 2022	**37962800**	**3796.28**
Changes in Equity Share Capital due to prior period errors	–	–
Restated balance at 1 April 2022	**37962800**	**3796.28**
Changes in Equity Share Capital during the year	–	–
At 31 March 2023	**37962800**	**3796.28**
For the year ended 31 March 2022		
Equity shares of ₹ 10 each issued, subscribed and fully paid At 1 April 2021	**37962800**	**3796.28**
Changes in Equity Share Capital due to prior period errors	–	–
Restated balance at 1 April 2021	**37962800**	**3796.28**
Changes in Equity Share Capital during the year	–	–
At 31 March 2022	**37962800**	**3796.28**

B. Other Equity (Amount in ₹ lakhs)

For the year ended 31 March 2023

Particulars	Retained Earnings
As at 1 April 2022	**6457.05**
Changes in accounting policy or prior period errors	-
Restated balance as at 1 April 2022	**6457.05**
Profit for the period	4138.38
Other Comprehensive income/(loss) (net of tax)	3.53
Total comprehensive income for the current year	**4141.91**
Interim dividend paid	-
At 31 March 2023	**10598.96**

For the year ended 31 March 2022

Particulars	Retained Earnings
As at 1 April 2021	**5190.14**
Changes in accounting policy or prior period errors	-
Restated balance as at 1 April 2021	**5190.14**
Profit for the period	4303.94
Other Comprehensive income/(loss) (net of tax)	(0.01)
Total comprehensive income for the previous year	**4303.93**
Interim dividend paid	(3037.02)
At 31 March 2022	**6457.05**

The accompanying notes 1 to 46 are an integral part of the financial statements

This is the Statement of Changes in Equity referred to in our report of even date.

For SRBC & Co LLP
Firm registration number: 324982E/E300003
Chartered Accountants

Ajay Bansal
Partner
Membership no.: 502243

Place: Gurugram
Date: 1 May, 2023

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

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Chief Financial Officer
Chandigarh

Vanshika Kapur
Company Secretary
Chandigarh

Date: 1May, 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2023

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Cash flow from operating activities		
Profit before tax	**4883.33**	5081.94
Adjustments for :		
Depreciation and amortization expense	**262.63**	207.77
(Gain)/Loss on sale of property, plant and equipment	**(12.86)**	17.80
Gain on sale of current investments	**(46.01)**	(20.29)
Gain on fair value measurement of investments	**–**	(9.84)
Interest expense	**18.69**	20.64
Interest income	**(415.88)**	(278.91)
Provisions/Liabilities written back to the extent no longer required	**–**	(3.28)
Operating profit before changes in working capital	**4689.90**	5015.83
Changes in operating assets and liabilities		
Trade receivables	**426.62**	(197.46)
Inventories	**(2840.97)**	399.18
Biological assets other than bearer plants	**(3372.40)**	103.99
Other financial assets	**(53.80)**	2.53
Other non-current assets	**(2.49)**	2.65
Other current assets	**3.23**	36.42
Trade payables	**865.98**	(1911.93)
Provisions	**4.92**	13.37
Other financial liabilities and lease liabilities	**144.80**	(20.81)
Other current liabilities	**(895.32)**	1261.84
Cash (used in)/generated from operations	**(1029.53)**	4705.61
Taxes paid (Including TDS recoverable)	**(59.93)**	(65.02)
Net cash (used in)/generated from operating activities (A)	**(1089.46)**	4640.59
Cash flows from investing activities		
Purchase of property, plant and equipment, Intangibles etc.	**(1061.38)**	(610.36)
Purchase of current investments	**(14434.28)**	(17844.11)
Proceeds from sale/redemption of current investments	**18100.80**	14253.73
Investment in bank deposits	**(14850.00)**	(13888.00)
Redemption/maturity of bank deposits	**12758.00**	16842.00
Proceeds from sale of property, plant and equipment	**18.88**	15.02
Interest received	**324.67**	357.46
Net cash from/(used in) investing activities (B)	**856.69**	(874.26)
Cash flows from financing activities		
Interest paid	–	(6.25)
Interim dividends paid	–	(3037.02)
Proceeds/(Repayment) from/of borrowings	–	(387.54)
Net cash from/(used in) financing activities (C)	–	(3430.81)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(232.77)**	335.52
Cash and cash equivalents at the beginning of the financial year	**341.73**	6.21
Cash and cash equivalents at end of the year (Refer Note 11)	**108.96**	341.73
Cash and cash equivalents as per above comprise of the following		
(a) Balances with Banks		
- In current account	**108.96**	341.68
(b) Cash on hand	–	0.05
Total Cash and cash equivalents (Refer Note 11)	**108.96**	341.73

Notes :

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 " Statement of cash flows".
2. The accompanying notes 1 to 46 are an integral part of the financial statements.

This is the cash flow statement referred to in our report of even date.

For SRBC & Co LLP
Firm registration number: 324982E/E300003
Chartered Accountants

Ajay Bansal
Partner
Membership no.: 502243

Place: Gurugram
Date: 1 May, 2023

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
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Chief Executive Officer
Chandigarh

Sanjeev Madan
Chief Financial Officer
Chandigarh

Vanshika Kapur
Company Secretary
Chandigarh

Date: 1 May, 2023

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023

1. Nature of Operations

Technico Agri Sciences Limited is a Company limited by shares, incorporated in India. Its registered office is situated at 25 Community Centre, Basant Lok, Vasant Vihar, Delhi and principal place of business is at SCO - 835, First and Second Floor, NAC, Sector 13 (Manimajra), Chandigarh. The Company is a wholly owned subsidiary of ITC Limited. The Company is primarily in the Agricultural Bio-Technology business of growing and selling TECHNITUBER® Seed Potatoes and Field Generated Seed Potatoes and also engaged in trading in Field Generated Seed Potatoes and Fruits & Vegetables. The Company is undertaking trials at a reputed third party facility for growing Tissue Culture Plantlets of Banana. (Refer note 4 for further details of operations of the Company).

2. Significant Accounting Policies

a. Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act). The financial statements have also been prepared in accordance with the relevant presentation requirements of the Act.

The Company adopted Ind AS from 1st April, 2016 with the date of transition being 1 April, 2015.

b. Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies. The financial statements are presented in Rupees Lakhs.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 – Share based Payment, leasing transactions that are within the scope of Ind AS 116 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

In case of biological assets, cost approximates fair value when little biological transformation has taken place since initial cost incurrence or the impact of the biological transformation on price is not expected to be material.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

c. Operating cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

d. Revenue

Revenue is recognized based on the transaction price that the Company receives or expects to receive as consideration, net of estimated returns, credit notes and discounts. Revenue excludes Goods & Services Tax, where applicable on the supply of goods and services.

The Company recognises revenue when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable and specific criteria have been met for each of the company's activities as described below:

(i) Sale of Goods and Services

Sales are recognised when the control over goods are transferred to the customer, which is mainly upon dispatch / delivery. Revenue from services is recognised in the periods in which the services are rendered.

(ii) Rental income

Rental income is recognised in the Statement of Profit and Loss as per lease terms.

e. Property, Plant and Equipment – Tangible Assets

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

For this purpose, cost includes deemed cost which represents the carrying value of Property, plant and equipment recognised as at 1 April, 2015 measured as per the previous Generally Accepted Accounting Principles (GAAP).

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortises the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

The estimated useful lives of other property, plant and equipment of the Company are as follows:

Buildings	30-60 Years
Leasehold Improvements	Shorter of lease/license period or estimated useful life.
Plant and Equipment	8 – 15 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Computers and Servers	3 – 6 Years
Office Equipment	5 Years

Residual values and useful lives of property, plant and equipment are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

f. Intangible Assets

Intangible assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

i. for assets acquired in a business combination or by way of a government grant, at fair value on the date of acquisition / grant.

ii. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. Thereafter, all directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets. Internally generated brands, websites and customer lists are not recognised as intangible assets.

The carrying value of intangible assets includes deemed cost which represents the carrying value of intangible assets recognised as at 1st April, 2015 measured as per the previous GAAP.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g., patents, licenses, trademarks, franchise and servicing rights) or the likelihood of technical, technological obsolescence (e.g., computer software, design, prototypes) or commercial obsolescence (e.g., lesser known brands are those to which adequate marketing support may not be provided). If, there are no such limitations, the useful life is taken to be indefinite.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and / or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

g. Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in the previous years.

h. Biological Assets and Agricultural Produce

The Company's operations include activities which are agricultural in nature and are subject to the recognition, measurements and disclosure requirements of Ind AS 41 - Agriculture. Biological Assets are recognised when the Company controls the assets as a result of past events and it is probable that the future economic benefits associated with the asset will flow to the Company and fair value can be measured reliably. On initial recognition and at the end of each reporting period, the biological assets are measured at fair value less cost to sell. Cost to sell includes the incremental cost to sell including commission to traders, brokers and dealers and estimated cost to transport to the market but excludes finance costs and income taxes. Harvested biological assets (i.e. agriculture produce) are transferred to inventory at fair value less costs to sell when harvested.

Cost approximates fair value when little biological transformation has taken place since the costs were originally incurred or the impact of biological transformation on price is not expected to be material. Gains and losses arising on initial recognition of both biological asset and agricultural produce and any subsequent changes in fair value are recognised in the statement of Profit and Loss in the period in which they arise.

Cost for this purpose includes all direct costs incurred up to the stage of production of the respective inventories.

i. Inventories

Inventories are valued as follows:

(i) **Raw materials & components and Stores & Spares**

At cost, arrived at on FIFO basis or net realizable value, whichever is lower. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition.

(ii) **Traded goods**

At cost arrived at on FIFO basis or net realizable value, whichever is lower. Costs are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and sale.

(iii) **Agricultural Produce**

Agricultural produce is recognized at fair value less costs to sell at the date of harvest. Once harvested, these goods are subsequently accounted for under Ind AS 2 in the same manner as other inventories purchased from third parties.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

j. Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

Gains / losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

k. Financial Instruments, Financial Assets, Financial Liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at fair value or transaction price, as applicable when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as Investments, Trade Receivables, Advances and Security Deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

Derecognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves are reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the fair value and are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

l. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. In the event that the proceeds have been drawn down or is likely to be drawn down in its entirety, any difference between the proceeds (net of transaction costs, including fees paid on establishing the loan facility) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. To the extent that it is probable that some or all of the facility will not be drawn down, the fee is capitalised as prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

m. Employee Benefits

(i) **Provident Fund and Employee State Insurance Scheme:** Contribution towards provident fund and employee state insurance scheme for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. The contributions are charged to the statement of Profit and Loss of the year, when the contributions to the respective funds are due.

(ii) **Gratuity:** Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or loss on account of remeasurement are recognised immediately through Other Comprehensive Income in the period in which they occur.

The Company has taken a Policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability with respect to the employees and the premium paid to LIC is charged to Statement of Profit & Loss. The difference between the actuarial valuation of the gratuity with respect to employees at the year-end and the contribution paid to LIC is further adjusted in the books of accounts.

(iii) **Compensated Absences:** Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. Actuarial gains / losses are recognised in the Statement of Profit and Loss in the year in which they arise. The benefit is unfunded.

(iv) **Short Term Employee Benefits:** Liability is recognised during the period when the employee renders the services.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

n. Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to certain employees of the company / holding company on deputation is recognized at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost recognized as employee benefits expenses in the Statement of Profit and Loss with a corresponding credit in equity, net of reimbursements, if any.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognized as employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

o. Taxes on Income

Taxes on income comprise current taxes and deferred taxes.

Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted or substantively enacted, if applicable during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

Income tax, insofar as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

p. Leases

Leases are recognised as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a Lessee

Right of Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease unless the receipts increase in line with expected general inflation to compensate for expected inflationary cost increases, in which case, the same is recognised in accordance with the terms of the lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities are also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease unless the receipts increase in line with expected general inflation to compensate for expected inflationary cost increases, in which case, the same is recognised in accordance with the terms of the lease.

q. Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated The amount so recognised is the best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

r. Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

s. Dividend Distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

t. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. (Refer Note - 42)

Segments are organised based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements. Segment results represent profits before finance charges, unallocated corporate expenses and taxes.

“Unallocated Corporate Expenses” include revenue and expenses that relate to initiatives / costs attributable to the Company as a whole and are not attributable to segments.

u. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

v. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

3.1. Property, plant and equipment (Amount in ₹ lakhs)

Particulars	Land (Freehold)	Buildings	Plant and equipment	Furniture and fixtures	Leasehold properties - Building improvements	Office equipment	Computers, servers & other IT equipments	Vehicles	Total
Gross carrying amount									
At 1 April 2021	151.93	275.20	1231.65	7.21	23.35	1.72	65.89	62.35	1819.30
Additions	–	–	437.52	–	–	9.03	38.89	40.02	525.46
Disposals	(2.80)	(25.11)	–	–	–	–	–	(31.11)	(59.02)
At 31 March 2022	**149.13**	**250.09**	**1669.17**	**7.21**	**23.35**	**10.75**	**104.78**	**71.26**	**2285.74**
Additions	–	474.53	533.46	12.61	30.51	3.22	33.59	15.17	1103.09
Disposals	–	–	(18.52)	(0.19)	–	(0.12)	(3.35)	–	(22.18)
At 31 March 2023	**149.13**	**724.62**	**2184.11**	**19.63**	**53.86**	**13.85**	**135.02**	**86.43**	**3366.65**
Accumulated Depreciation									
At 1 April 2021	–	75.12	455.36	3.26	20.89	1.08	41.36	36.85	633.92
Charge for the year	–	12.19	145.58	0.33	–	1.37	16.20	6.03	181.70
Disposals	–	(3.30)	–	–	–	–	–	(22.90)	(26.20)
At 31 March 2022	–	**84.01**	**600.94**	**3.59**	**20.89**	**2.45**	**57.56**	**19.98**	**789.42**
Charge for the year	–	12.77	168.07	0.96	4.01	2.20	25.33	9.21	222.55
Disposals	–	–	(13.96)	(0.14)	–	(0.10)	(1.96)	–	(16.16)
At 31 March 2023	–	**96.78**	**755.05**	**4.41**	**24.90**	**4.55**	**80.93**	**29.19**	**995.81**
Net carrying amount									
At 31 March 2022	**149.13**	**166.08**	**1068.23**	**3.62**	**2.46**	**8.30**	**47.22**	**51.28**	**1496.32**
At 31 March 2023	**149.13**	**627.84**	**1429.06**	**15.22**	**28.96**	**9.30**	**54.09**	**57.24**	**2370.84**
Capital work-in-progress									
At 31 March 2022	–	–	–	–	–	–	–	–	**108.92**
At 31 March 2023	–	–	–	–	–	–	–	–	–

Note :

1. Freehold Land amounting to ₹Nil (Previous Year ₹Nil) is pending registration in the name of the Company. In respect of land admeasuring (01-04) bighas amounting to ₹ 0.88 lakh, the Company has received favorable order dated 28th March, 2018 passed by the court of Civil Judge, Nalagarh, Distt. Solan, Himachal Pradesh. The statutory time limit for filing an appeal and other remedial measures as permitted under law has elapsed and the execution proceedings in favour of the Company are in process. Accordingly, it has been concluded that the land is held in the name of the Company.
2. Land amounting ₹101.99 lakhs (Previous Year ₹101.99 lakhs) has been given to holding company on operating lease.

Capital work in progress (CWIP) Ageing Schedule

(Amount in ₹ lakhs)

As at 31 March 2023					
Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	–	–	–	–	–
Projects temporarily suspended	–	–	–	–	–
Total	–	–	–	–	–
As at 31 March 2022					
Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	108.92	–	–	–	108.92
Projects temporarily suspended	–	–	–	–	–
Total	**108.92**	–	–	–	**108.92**

3.2 Intangible assets

(Amount in ₹ lakhs)

Particulars	Technical know how*	Computer software	Trademarks	Total
Gross carrying amount				
At 1 April 2021	–	18.15	0.50	18.65
Additions	–	3.36	–	3.36
At 31 March 2022	–	21.51	0.50	22.01
Additions	–	–	–	–
At 31 March 2023	–	**21.51**	**0.50**	**22.01**
Accumulated amortization				
At 1 April 2021	–	14.38	0.25	14.63
Charge for the year	–	1.45	0.05	1.50
At 31 March 2022	–	15.83	0.30	16.13
Charge for the year		1.66	0.05	1.71
At 31 March 2023	–	**17.49**	**0.35**	**17.84**
Net carrying amount				
At 31 March 2022	–	5.68	0.20	5.88
At 31 March 2023	–	**4.02**	**0.15**	**4.17**

* Gross block of ₹ 938.37 lakhs, accumulated depreciation ₹ 938.37 lakhs has been shown as ₹ Nil as the Company had elected to consider carrying value as deemed cost at the date of transition to Ind AS.

3.3 Intangible assets (Amount in ₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Computer software	1.06	–
	1.06	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

3.4 Right-of-use assets (Amount in ₹ lakhs)

Particulars	Land	Building	Total
Gross carrying amount			
At 1 April 2021	18.75	202.95	221.70
Additions	–	–	–
Disposals	(18.75)	–	(18.75)
At 31 March 2022	–	**202.95**	**202.95**
Additions	–	93.89	93.89
Disposals	–	–	–
At 31 March 2023	–	**296.84**	**296.84**
Accumulated amortization			
At 1 April 2021	16.93	45.34	62.27
Charge for the year	1.82	22.75	24.57
Disposals	(18.75)	–	(18.75)
At 31 March 2022	–	**68.09**	**68.09**
Charge for the year	–	38.38	38.38
Disposals	–	–	–
At 31 March 2023	–	**106.47**	**106.47**
Net carrying amount			
At 31 March 2022	–	**134.86**	**134.86**
At 31 March 2023	–	**190.37**	**190.37**

4. Biological assets other than bearer plants (Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening value of biological assets	**10692.33**	10796.32
Biological assets acquired during the year	**169.66**	311.42
Cost Incurred during the year	**14917.95**	10918.03
Changes in fair value*	**6367.13**	6901.34
Biological assets sold during the year	**(16844.02)**	(17736.64)
Harvested potatoes transferred to inventories and sold during the year	**(798.99)**	(82.25)
Harvested potatoes transferred to inventories	**(439.33)**	(415.89)
Closing value of biological assets	**14064.73**	10692.33

* Represents aggregate gain/(loss) arising on account of change in fair value less costs to sell during the year.

As at 31 March 2023, the Company had 12816751 Nos. TECHNITUBER® Seed Potatoes (31 March 2022 - 12656494 Nos.).

As at 31 March 2023, there were 102486 MT of field generated seed potatoes (31 March 2022 - 77968 MT). During the year, output of agricultural produce (potatoes) is 14522 MT (31 March 2022 - 7470 MT).

In October 2022 - 20210 MT (October 2021 - 17168 MT) of seed potatoes were planted and in February/March 2023 - 121825 MT (February/March 2022 - 85093 MT) of seed potatoes were harvested as a result of quantitative biological transformation.

Estimated amount of contracts remaining to be executed for acquisition / development of biological assets as at 31 March 2023 ₹ 5.95 lakhs (31 March 2022- ₹ 191.61 lakhs)

Groups of Biological Assets : The Company's biological assets comprise– TECHNITUBER® Seed, Field Generated Seed Potatoes and Banana Tissue Culture Plantlets under Ind AS 41 – Agriculture.

TECHNITUBER® Seed: The TECHNITUBER® seed i.e. Generation – 0 (G-0) are produced by the Company in the Greenhouse nurseries maintained at the facility situated at village Manpura, District Solan (HP). These seeds are produced through TECHNITUBER® Technology in greenhouses under controlled environment which involves a complex series of integrated processes being applied to pathogen tested tissue culture plantlets.

Field Generated Seed Potatoes : TECHNITUBER® seed produced through TECHNITUBER® technology are multiplied by growing high yielding early generation seed potatoes in farms. TECHNITUBER® seed (G-0) are planted in farms for further growing to the next stage i.e. G-1. These G-1 Seeds are again multiplied next year into G-2 and so on till it is ready for sale. The multiplication of G-0 to G-1 takes place in Company leased farms and the entire agricultural activity is conducted by the Company's agronomy team. The Company also grows early generation seed potatoes of G-2 onwards on leased land under a Seed Multiplication Agreement with select growers supervised by the Company's agronomy team as per strict agronomy protocols.

The Company manages the biological transformation of its seed potatoes and monitors multiplication of the cycle(s) / generation(s) of such seed potatoes, which falls within the ambit of agricultural activity in accordance with Ind AS 41-Agriculture. This agricultural activity leads to the harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets. As these biological assets are consumable in nature, the operating cycle of biological transformation is less than one year for each stage of multiplication and hence the biological assets have been classified as current. During the process of managing the biological change based on certain attributes, the Company groups its biological assets depending on whether significant biological transformation has taken place since initial incurrence of cost. The marketability as a biological asset is dependent on various attributes including the potential to take the product to subsequent cycle(s) of biological transformation. The financial year end of the Company coincides with the harvest and at harvest, only quantitative biological transformation takes place, which is considered insignificant. Seed potatoes when harvested in February/March need to undergo the process of physiological ageing which takes place inside the cold stores under prescribed conditions before they are sold/transferred for further planting. Hence, as on 31 March, 2022, due to insignificant biological transformation till balance sheet date, the biological assets of the Company are valued at cost, which approximates fair value.

Banana Tissue Culture Plantlets : The Company imports mother cultures and multiplication of tissue culture banana plantlets takes place at the nurseries of a reputed third party facility using tissue culture technology under the Company's supervision.

Agricultural Produce : Agricultural produce is the harvested product of the entity's biological assets. Where the attributes of the biological asset attain the characteristics of agricultural produce, i.e., to be used for consumption, the same is fair valued on such date and is considered as inventory thereafter.

Risk Management Strategy : The Company is exposed to market risks arising from fluctuations in the demand and price environment in potato markets. While it has no control over market behaviour, the Company seeks to continually reinforce its market standing on the strength of its proprietary technology, package of agronomy practices and farmer relationships and by diversifying the geographies in which it operates. It also aligns its production to anticipated demand and recognises and disposes excess stocks to the extent practical. Early generations of the Company's field produced seed potatoes are also exposed to the inherent risk in agriculture of crop losses due to weather or disease that it seeks to address by widening the geographical spread of farms and farmers, multiple varieties of crop (with each one of them having some resistance to virus, other diseases and climatic conditions) and expertise in agronomy. Accordingly, the Company employs its wide-ranging processes, procedures and protocols developed on the basis of its long experience, including regular inspection of crops and monitoring of weather conditions during the growing phase and preventive pest and disease sprays, to mitigate such risks.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

5. Current investments

(Amount in ₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Investment in mutual funds (measured at fair value through profit or loss)		
Unquoted		
Nippon India Liquid Fund	–	1505.18
Nil (2022- 28,901) Units of ₹ 1000.00 each		
Axis Liquid Fund	–	1383.92
Nil (2022- 58,539) Units of ₹1000.00 each		
Aditya Birla Sun Life Liquid Fund	–	380.15
Nil (2022- 110,791) Units of ₹100.00 each		
Kotak Liquid Fund		
Nil (2022- 8,163) Units of ₹1000.00 each	–	351.26
Total unquoted investments	–	3620.51
Total Current Investments	–	3620.51
Total current investments		
Aggregate amount of quoted investments and market value thereof	–	–
Aggregate amount of unquoted investments	–	3620.51
Aggregate amount of impairment in the value of investments	–	–

6. Other Financial assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Non-Current		
Security deposits	11.87	11.78
Total	11.87	11.78
Current		
Interest accrued on fixed deposits	144.06	51.79
Other receivables*	57.48	3.77
Total	201.54	55.56

*Comprise receivables on account of claims etc.

7. Deferred tax assets/(liabilities) (net)

(Amount in ₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred tax assets	9.60	7.37
Deferred tax liabilities	(1.18)	(2.48)
Total	8.42	4.89

Movement in deferred tax assets/(liabilities) balances

FY 2022-23

(Amount in ₹ lakhs)

Particulars	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
Deferred tax assets in relation to:				
Others	7.37	2.23	–	9.60
Total Deferred tax assets (I)	7.37	2.23	–	9.60
Deferred tax liabilities in relation to :				
Gain on financial assets designated at FVTPL	2.48	(2.48)	–	–
Remeasurements of net defined benefit liability	–	–	1.18	1.18
Total Deferred tax liabilities (II)	2.48	(2.48)	1.18	1.18
Deferred tax assets/(liabilities) (net) (II - I)	4.89	4.71	(1.18)	8.42

FY 2021-22

(Amount in ₹ lakhs)

Particulars	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
Deferred tax assets in relation to:				
Others	6.10	1.27	–	7.37
Total Deferred tax assets (I)	6.10	1.27	–	7.37
Deferred tax liabilities in relation to :				
Gain on financial assets designated at FVTPL	–	2.48	–	2.48
Remeasurements of net defined benefit liability	–	–	–	–
Total Deferred tax liabilities (II)	–	2.48	–	2.48
Deferred tax assets/(liabilities) (net) (II - I)	6.10	(1.21)	–	4.89

8. Other assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Non-current		
Capital Advances	10.97	26.96
Unsecured considered good		
- Prepaid expenses	1.20	2.03
- Security deposits	13.05	9.73
Total	25.22	38.72
Current		
Unsecured considered good		
- Advances to suppliers	23.26	9.80
- Advances to employees	0.20	0.79
- Prepaid expenses	47.28	53.48
- Balance with government authorities	45.14	55.04
Total	115.88	119.11

9. Inventories

(Amount in ₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Inventories (valued at lower of cost and net realisable value)		
Raw materials and components (Refer Note 22)	260.41	282.07
Finished goods (Agricultural Produce)*	439.33	415.89
Traded goods	5441.46	2603.32
Stores & Spares	24.42	23.37
Total	6165.62	3324.65

* Agricultural produce has been valued at fair value less cost to sell at the time of harvest and written down by ₹ 1086.69 lakhs (31 March 2022 ₹ 354.08 lakhs) to arrive at fair value less cost to sell.

10. Trade receivables

(Amount in ₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
Unsecured, considered good (Refer Note 39,41)	116.78	543.40
Trade Receivables which have significant increase in credit risk	–	–
Trade Receivables - credit impaired	1.40	1.40
Less : Allowance for Credit Impairment	(1.40)	(1.40)
Total	116.78	543.40

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

Trade receivables Ageing Schedule (Amount in ₹ lakhs)

As at 31 March 2023						
Particulars	**Outstanding for following periods from due date of payment**					
	Less than 6 Months	**6 months – 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed Trade Receivables – considered good	116.78	–	–	–	–	116.78
Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–
Undisputed Trade receivable – credit impaired	–	–	–	–	–	–
Disputed Trade receivables - considered good	–	–	–	–	–	–
Disputed Trade receivables – which have significant increase in credit risk	–	–	–	–	–	–
Disputed Trade receivables – credit impaired	–	–	–	–	1.40	1.40
Total (A)	116.78	–	–	–	1.40	118.18
Less : Allowance for credit impairment	–	–	–	–	1.40	1.40
Total (B)	–	–	–	–	1.40	1.40
Net (A-B)	116.78	–	–	–	–	116.78

(Amount in ₹ lakhs)

As at 31 March 2022						
Particulars	**Outstanding for following periods from due date of payment**					
	Less than 6 Months	**6 months – 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed Trade Receivables – considered good	542.43	0.97	-	-	-	543.40
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	1.40	1.40
Total	**542.43**	**0.97**	-	-	1.40	**544.80**
Less : Allowance for credit impairment	–	–	–	–	1.40	1.40
Total (B)	–	–	–	–	**1.40**	**1.40**
Net (A-B)	**542.43**	**0.97**	–	–	–	**543.40**

11. Cash and cash equivalents (Amount in ₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
(a) Balances with Banks		
- In current account	108.96	341.68
(b) Cash on hand	–	0.05
Total	108.96	341.73

Other information :

The Company has been sanctioned Working Capital facilities of ₹ 4700 lakhs. These are secured by way of exclusive charge on current assets. The monthly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

12. Other bank balances (Amount in ₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
In deposit accounts*	4525.00	2433.00
Total	4525.00	2433.00

*Represents deposits with original maturity of more than 3 months and less than 12 months.

13. Equity share capital

Authorised Equity Share capital

(Amount in ₹ lakhs)

Particulars	Number of Shares	Amount
As at 1 April 2021	40000000	4000.00
Increase during the year	–	–
As at 31 March 2022	40000000	4000.00
Increase during the year	–	–
As at 31 March 2023	**40000000**	**4000.00**
Issued, subscribed and fully paid-up		
As at 1 April 2021	37962800	3796.28
Increase during the year	–	–
As at 31 March 2022	37962800	3796.28
Increase during the year	–	–
As at 31 March 2023	**37962800**	**3796.28**

13.1 Reconciliation of the shares outstanding at the beginning and at the end of the year (Amount in ₹ lakhs)

Particulars	Number of Shares	Share Capital Amount
Balance at 1 April 2021	37962800	3796.28
Shares issued/(bought back) during the year	–	–
Balance at 31 March 2022	37962800	3796.28
Shares issued/(bought back) during the year	–	–
Balance at 31 March 2023	**37962800**	**3796.28**

13.2 Right, preferences and restrictions attached to share

The equity shares of the company, having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

13.3 Details of shares held by the Holding Company

Out of equity shares issued by the Company, shares held by its Holding Company are as below :

(Amount in ₹ lakhs)

Particulars	Numbers	Amount
As at 31 March 2023		
Equity shares of ₹ 10 each fully paid		
ITC Limited, Holding Company	37962794	3796.28
ITC Limited, Holding Company, jointly with other shareholders	6	*
As at 31 March 2022		
Equity shares of ₹ 10 each fully paid		
ITC Limited, Holding Company	37962794	3796.28
ITC Limited, Holding Company, jointly with other shareholders	6	*

* Amount is below the rounding off norm adopted by the company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

13.4 Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares held	**% holding of equity shares**	Number of shares held	% holding of equity shares
Equity Shares of ₹ 10 each fully paid				
ITC Limited, holding company	**37962794**	**99.99%**	37962794	99.99%

13.5 Details of shares held by promoters

As at 31 March 2023						
Particulars	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares held at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 10 each fully paid	ITC Limited, Holding Company	**37962794**	**–**	**37962794**	**99.99%**	**–**
	ITC Limited, Holding Company, jointly with other shareholders	**6**	**–**	**6**	**0.00%**	**–**
Total		**37962800**	**0**	**37962800**	**100%**	**–**

As at 31 March 2022						
Particulars	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares held at the end of the year	% of Total Shares	% change during the year
Equity shares of 10 each fully paid	ITC Limited, Holding Company	37962794	–	37962794	99.99%	–
	ITC Limited, Holding Company, jointly with other shareholders	6	–	6	0.00%	–
Total		**37962800**	**–**	**37962800**	**100%**	**–**

14. Other equity

Retained Earnings (Amount in ₹ lakhs)

Particulars	**For the year ended 31 March 2023**	For the year ended 31 March 2022
Balance at beginning of year	**6457.05**	5190.14
Add : Profit for the year	**4138.38**	4303.94
Add : Other comprehensive income/(loss) arising from remeasurement of net defined benefit obligation (net of income tax)	**3.53**	(0.01)
Less : Payment of interim dividend	**–**	(3037.02)
Balance at end of year	**10598.96**	6457.05

15. Provisions (Amount in ₹ lakhs)

Particulars	Non-Current		Current	
	As at 31 March 2023	As at 31 March 2022	**As at 31 March 2023**	As at 31 March 2022
Provision for employee benefits (refer note 35)				
Provision for gratuity	**22.97**	26.75	–	–
Provision for leave benefits	**–**	–	**79.92**	71.22
Total	**22.97**	26.75	**79.92**	71.22

16. Trade payables (Amount in ₹ lakhs)

Particulars	**As at 31 March 2023**	As at 31 March 2022
- Dues to micro enterprises and small enterprises	**0.02**	3.63
- Dues to creditors other than micro enterprises and small enterprises	**6781.23**	5911.64
Total	**6781.25**	5915.27

Notes :
The Trade payables generally become due in 15 to 30 days and settled accordingly.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

Trade payables Ageing Schedule

(Amount in ₹ lakhs)

As at 31 March 2023							
Particulars	**Outstanding for following periods from due date of payment**						
	Not Due	**Unbilled Payables**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Total outstanding dues of micro enterprises and small enterprises	**0.02**	-	-	-	-	-	**0.02**
Total outstanding dues of creditors other than micro enterprises and small enterprises	**3480.07**	**2107.06**	**1194.10**	-	-	-	**6781.23**
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-		-	-
Total	**3480.09**	**2107.06**	**1194.10**	-	-	-	**6781.25**

(Amount in ₹ lakhs)

As at 31 March 2022							
Particulars	**Outstanding for following periods from due date of payment**						
	Not Due	**Unbilled Payables**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Total outstanding dues of micro enterprises and small enterprises	3.63	–	–	–	–	–	3.63
Total outstanding dues of creditors other than micro enterprises and small enterprises	2531.14	1764.44	1610.72	5.34	–	–	5911.64
Disputed dues of micro enterprises and small enterprises	–	–	–	–	–	–	–
Disputed dues of creditors other than micro enterprises and small enterprises	–	–	–	–		–	–
Total	**2534.77**	**1764.44**	**1610.72**	**5.34**	**–**	**–**	**5915.27**

17. Other financial liabilities

(Amount in ₹ lakhs)

Particulars	Non-Current As at 31 March 2023	Non-Current As at 31 March 2022	Current As at 31 March 2023	Current As at 31 March 2022
Employee related payables	–	–	376.10	342.65
Deposit from dealers	–	–	1.70	1.70
Payable for fixed assets	–	–	39.08	12.30
Payable to holding company (Refer Note 41)	34.98	34.57	103.02	56.49
Total	**34.98**	**34.57**	**519.90**	**413.14**

18. Contract liabilities

(Amount in ₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Contract liabilities	2324.68	2931.55
Total	**2324.68**	**2931.55**

Note : Out of balance as on 31 March 2022, ₹ 2698.79 lakhs (previous year ₹ 1476.54 lakhs) was recognised as revenue during the year.

19. Other current liabilities

(Amount in ₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory dues including provident fund and tax deducted at source	67.95	356.40
Total	**67.95**	**356.40**

20. Revenue from operations

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Sale of products		
Biological assets	16844.02	17736.64
Agricultural Produce	1232.36	596.64
Traded Goods	7505.05	7089.40
	25581.43	25422.68
Other operating revenues		
Sale of old empty bags	131.90	175.50
Others*	63.24	68.71
	195.14	244.21
Total	**25776.57**	**25666.89**

* Comprise incentives from suppliers, incentive from farmer funding by bank etc.

Notes :

a) Generally the goods are dispatched against advance payment. However, in certain cases credit is allowed based on market requirements which is generally less than one year. Accordingly, there is no significant financing component.

b) The Company primarily deals in biological assets and agricultural produce, where performance depends on germination / edible quality of product. The customer claims, if any, are generally settled within the same financial year.

21. Other income

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income on Bank Deposits and Others	415.88	278.91
Lease rental income [Refer Note 34(ii)]	123.34	123.34
Provisions/Liabilities written back to the extent no longer required	–	3.28
Gain on disposal of property, plant and equipment	12.86	–
Exchange differences (net)	2.79	0.33
Gain on sale of current investments	46.01	20.29
Gain on fair value measurement of investments	–	9.84
Total	**600.88**	**435.99**

22. Cost of raw material and components consumed

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Inventory at the beginning of the year	282.07	194.94
Add: purchases	1360.56	1478.86
	1642.63	1673.80
Less: inventory at the end of the year	260.41	282.07
Cost of raw material and components consumed	1382.22	1391.73

Details of raw material and components consumed

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Plantlets	–	19.17
Chemicals and fertilizers	217.47	137.10
Packing stores	1164.75	1235.46
Total	**1382.22**	**1391.73**

Details of inventory

(Amount in ₹ lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Raw materials and components		
Chemicals and fertilizers	35.78	39.41
Packing stores	224.63	242.66
Total	**260.41**	**282.07**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

23. Purchases of stock-in-trade and biological assets

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Biological assets		
- Field generated seed potatoes	74.01	53.51
- Banana Tissue Culture Plantlets	95.65	257.91
Stock-in-trade		
- Potatoes	8624.87	5468.37
- Onions	–	11.36
Total	8794.53	5791.15

24. Changes in inventories of finished goods, stock-in- trade and biological assets

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Finished goods - Traded goods		
Inventories at the end of the year	5441.46	2603.32
Inventories at the beginning of the year	2603.32	3031.21
(Increase)/Decrease (a)	(2838.14)	427.89
Finished Goods - Agricultural Produce		
Inventories at the end of the year	439.33	415.89
Inventories at the beginning of the year	415.89	477.51
(Increase)/Decrease (b)	(23.44)	61.62
Biological assets		
Inventories at the end of the year	14064.73	10692.33
Inventories at the beginning of the year	10692.33	10796.32
(Increase)/Decrease (c)	(3372.40)	103.99
Total Changes in inventories of finished goods, stock-in- trade and biological assets (a+b+c)	(6233.98)	593.50

25. Employee benefits expense

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries and wages	1600.06	1427.69
Contribution to provident and other funds (Refer Note 35)	62.65	53.67
Share-based payments to employees (Refer Note 36)	103.63	17.16
Staff welfare expenses	56.28	41.61
Total	1822.62	1540.13

26. Finance costs

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest expense :		
- On financial liabilities measured at amortised cost	–	6.25
Interest on lease liabilities (Refer Note 34(i))	18.69	14.39
Total	18.69	20.64

27. Depreciation and amortisation expense

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation of property, plant and equipment (Refer Note 3.1)	222.54	181.70
Amortisation of intangible assets (Refer Note 3.2)	1.71	1.50
Depreciation of Right-of-use assets (Refer Note 3.4,34(i))	38.38	24.57
Total	262.63	207.77

28. Other expenses

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Consumption of stores and spares	38.59	23.02
Farming Charges	7167.67	4475.64
Power and fuel	179.03	182.34
Freight and forwarding charges	2345.76	1979.18
Lease rent [Refer Note 34(i)]		
- Agricultural land	1505.12	1055.31
- Office and Others	42.31	39.94
Storage and handling cost	3181.02	2914.80
Rates and taxes	5.32	4.05
Insurance	56.27	76.73
Repairs and maintenance		
- Plant and machinery	71.64	56.28
- Buildings	31.79	5.30
- Others	58.11	44.22
Advertising and sales promotion	18.18	5.64
Sales commission	15.13	21.31
Travelling and conveyance	231.79	153.17
Telephone, postage and telegram expenses	20.93	18.12
Printing and stationery	11.09	6.58
Legal and professional fees	124.52	132.02
Payment to auditors including taxes (Refer Note 28.1 below)	13.23	11.80
Expenditure towards corporate social responsibility (CSR) (Refer Note 31)	118.48	92.38
Loss on sale of plant and equipment (net)	–	17.80
Miscellaneous expenses	211.43	160.39
Total	**15447.41**	**11476.02**

28.1. Payment to auditors including taxes

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
As Auditor:		
Audit fee	10.62	9.44
Tax audit fee	1.77	1.77
In other capacities		
Re-imbursement of expenses	0.84	0.59
Total	13.23	11.80

29. Income taxes

29.1 Tax expenses recognised in Statement of Profit and Loss

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax		
In respect of the current year (Refer Note 33)	749.66	776.80
Total (a)	749.66	776.80
Deferred tax		
In respect of the current year (Refer Note 33)	(4.71)	1.20
Total (b)	(4.71)	1.20
Grand Total (a+b)	744.95	778.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

29.2 Reconciliation of effective tax rate

The reconciliation between the income tax expenses and amount computed by applying the standard rate of income tax to profit before taxes is as follows:

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before tax	**4883.33**	5081.94
Income Tax expense calculated at 25.168%	**1229.04**	1279.02
Effects of :		
- Agricultural income - exempt from Income tax in determining taxable profit	**(521.14)**	(526.44)
- Adjustments for current tax of prior periods	–	–
- Others	**37.05**	25.42
Income Tax expenses recognised in Statement of Profit and Loss	**744.95**	778.00

The tax rates used for the above periods is 25.168% (22% + surcharge @ 10% and education cess @ 4%) for calculation of tax under the Income Tax Act, 1961.

30. Earnings per share (EPS)

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit after tax	**4138.38**	4303.94
Net profit for calculation of basic EPS	**4138.38**	4303.94
Net profit as above	**4138.38**	4303.94
Net profit for calculation of diluted EPS	**4138.18**	4303.94
	Numbers	Numbers
Weighted average number of equity shares in calculating basic EPS	**37962800**	37962800
Weighted average number of equity shares in calculating diluted EPS	**37962800**	37962800
Earnings per share		
Basic [Nominal value of shares ₹10 (Previous Year : ₹10)]	**10.90**	11.34
Diluted [Nominal value of shares ₹10 (Previous Year : ₹10)]	**10.90**	11.34

31. CSR Expenditure

(₹ in lakhs)

	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(a)	Gross amount required to be spent by the Company during the year	**117.70**	89.44
(b)	Amount spent during the year on:		
	(i) Construction/acquisition of any asset	–	–
	(ii) On purposes other than (i) above	**118.48**	92.38
	Yet to be paid in cash	–	–
(c)	Details related to spent:		
	(i) Safe drinking water (Schedule VII – i)	**75.24**	-
	(ii) Promoting education (Schedule VII – ii)	12.68	-
	(iii) Rural development projects (Schedule VII – x)	**30.56**	92.38

32. Estimated amount of contracts remaining to be executed on capital account and not provided for:

(₹ in lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Capital Commitment	**244.92**	403.25

33. During the year, the Company has reviewed its outstanding legal disputes and considering recent Courts / Tribunals decisions, have made appropriate provisions for the same.

34. Leases

i. **As lessee** - General description of the Company's operating lease arrangements:

The Company has entered into cancellable operating lease arrangements primarily for office premises, guest house, godowns etc. Some of the significant terms and conditions for the arrangements are:

- agreements range for periods from 1 to 3 years except for lease of office which is for nine years and can be terminated by either party by serving one to three months notice or by paying the notice period rent in lieu thereof;
- the leases are generally renewable on the expiry of lease period subject to mutual agreement;

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation charge for right-of-use assets		
- Land	–	1.82
- Building	**38.38**	22.75
Interest expense on lease liabilities	**18.69**	14.39
Expense relating to short-term leases		
- Agriculture Land	**169.89**	148.99
- Office and others	**42.31**	39.94
Expense relating to variable lease payments		
- Agriculture Land	**1335.23**	906.32
Carrying amount of right-of-use assets		
- Building	**190.37**	134.86
Lease liabilities	**228.40**	163.99

ii. **As lessor** - The Company has entered into cancellable operating lease agreement with its holding Company for its land at the Manpura facility. The lease can be terminated by lessee by serving three months notice or by paying the notice period rent in lieu thereof.

35. Employee benefit plans:

Defined Benefit Plan

Gratuity: The Company has a gratuity plan for its employees as per the Payment of Gratuity Act, 1972. Employees who have completed five years or more of service are eligible for gratuity on departure at 15 days last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Leave Encashment: The employees are entitled for leave for each year of service and part thereof and subject to the limits specified. The unavailed portion of such leaves can be accumulated or encashed during/at the end, of the service period. The plan is unfunded. The Company presents the entire liability towards compensated absences as a current liability in the Balance Sheet, since it does not have an unconditional right to defer its settlement for 12 months after reporting date.

Defined Contribution Plan

The Company has defined contribution plans and contributions are made to provident fund and employee's state insurance scheme for employees as per regulations. The provident fund is being deposited with the Regional Provident Fund Commissioner, Chandigarh and Himachal Pradesh. The employee state insurance is being deposited with the Employee State Insurance Corporation, Chandigarh and Himachal Pradesh. The obligation of the Company is limited to the amount contributed.

Risk Management

The defined benefit plans expose the Company to actuarial deficit arising out of investment risk, interest rate risk, salary cost inflation risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. Investment risks may arise from volatility in asset values and losses arising due to impairment of assets. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. However, this may be partially offset by an increase in capital value of the scheme assets that have similar characteristics. Increase in salary due to adverse inflationary pressures might lead to higher liabilities. The gratuity scheme is funded with an insurance company in the form of qualifying insurance policy. The plan liability are calculated using the discount rate with reference to bond yield, if plan asset underperform, these will create the deficit.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

The following tables sets out the Defined Benefits Plan as per Actuarial Valuation as on 31 March 2023 and 31 March 2022 and recognised in the financial statements in respect of Employee Benefit Scheme.

(₹ in Lakhs)

		Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
I	**Components of Employer Expense**			
	(A) Recognised in Statement of Profit and Loss			
	1	Current Service Cost	**15.66**	12.50
	2	Past Service Cost	**-**	-
	3	Net Interest Cost	**1.27**	1.04
	4	**Total expense recognised in the Statement of Profit and Loss**	**16.93**	13.54
	(B)	**Re-measurements recognised in Other Comprehensive Income**		
	5	(Return) on plan assets (excluding amounts included in Net interest cost)	**(0.29)**	(1.08)
	6	Effect of changes in demographic assumptions	**(1.14)**	1.44
	7	Effect of changes in financial assumptions	**(7.19)**	(4.60)
	8	Changes in asset ceiling (excluding interest income)	**-**	-
	9	Effect of experience adjustments	**3.33**	4.25
	10	**Total re-measurements included in OCI**	**(4.71)**	0.01
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income (4+10)**	**12.22**	13.55

The current service cost and net interest expense for the year pertaining to Gratuity expenses have been recognized in 'Contribution to provident and other fund' under Note 25. The remeasurement of the net defined benefit liability are included in Other Comprehensive Income.

(₹ in Lakhs)

		Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
II	Actual Returns		**7.32**	6.57
III	**Net (Asset/Liability recognised in Balance Sheet)**			
	1	Present Value of Defined Benefit Obligation	**140.26**	124.28
	2	Fair Value of Plan Assets	**117.29**	97.53
	3	Status [(Surplus/Deficit)]	**22.97**	26.75

			As at 31 March 2023		As at 31 March 2022	
			Current	Non-Current	Current	Non-Current
	4	Net (Asset)/Liability recognised in Balance Sheet	**–**	**22.97**	–	26.75

(₹ in Lakhs)

		Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
IV	**Change in Defined Benefit Obligation (DBO)**			
	1	Present Value of DBO at the beginning of the year.	**124.28**	104.78
	2	Current Service Cost	**15.66**	12.50
	3	Past Service Cost	**–**	–
	4	Interest Cost	**8.29**	6.53
	5	Re-measurement gains/(losses):		
		Effect of changes in demographic assumptions.	**(1.14)**	1.44
		Effect of changes in financial assumptions.	**(7.19)**	(4.60)
		Effect of experience adjustments.	**3.33**	4.25
	6	Benefits Paid	**(2.97)**	(0.62)
	7	**Present Value of DBO at the end of the year.**	**140.26**	124.28

		Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
V	**Change in Fair Value of Assets**			
	1	Plan Assets at the beginning of the year	**97.53**	78.02
	2	Return on Plan Assets	**7.02**	5.48
	3	Re-measurement of Gains/(Losses) on plan assets	**0.29**	1.08
	4	Actual Company Contributions	**16.00**	13.57
	5	Benefits paid	**(2.97)**	(0.62)
	6	Plan Assets at the end of the year	**117.29**	97.53

		Particulars	As at 31 March 2023	As at 31 March 2022
VI	**Actuarial Assumptions**			
	1	Discount Rate (%)	**7.50**	6.75
	2	Expected Return on plan Assets (%)	**6.75**	6.75
	3	Attrition Rate (%)	**8.00**	7.50
	4	Long term rate of compensation increase (%)	**12.00**	12.00

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Particulars	31 March 2023	31 March 2022
VII	**Investments with insurer ***	**100%**	100%

* In the absence of availability of information regarding plan assets which is funded with Insurance Company, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

VIII Basis Used to determine the Expected Rate of return on Plan Assets.

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

(₹ in Lakhs)

		Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
IX	**Net Asset/Liability recognised in Balance sheet (Including Experience adjustment impact)**			
	1	Present Value of Defined Benefits Obligations	**140.26**	124.28
	2	Fair Value of Plan Assets	**117.29**	97.53
	3	Status [(Surplus)/Deficit]	**22.97**	26.75
	4	Experience Adjustment of Plan Assets [Gain/ (loss)]	**0.29**	1.08
	5	Experience Adjustment of Obligation [Gain/ (loss)]	**3.33**	4.25

X Details of expected cash flows for following years is given below:

(₹ in Lakhs)

	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
1	Expected employer contributions next year	**30.72**	14.19
2	Expected benefits payment		
	Year 1	**9.24**	6.26
	Year 2	**26.19**	19.54
	Year 3	**23.42**	12.00
	Year 4	**9.43**	10.57
	Year 5	**11.86**	7.42
	Next 5 years	**54.12**	37.73

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

XI Sensitivity Analysis

The sensitivity analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above.

(₹ in Lakhs)

		Particulars	DBO as at 31 March 2023	DBO as at 31 March 2022
	1	Discount Rate + 100 basis points	131.99	115.46
	2	Discount Rate - 100 basis points	149.61	134.37
	3	Attrition Rate +1%	138.14	121.71
	4	Attrition Rate -1%	142.61	127.18
	5	Long term rate of Compensation Increase Rate +1%	148.82	132.22
	6	Long term rate of Compensation Increase Rate -1%	132.51	116.81

Amount towards defined contribution plans have been recognised under 'Contribution to provident and other fund' in Note 25 - ₹ 45.72 lakhs (2022: ₹ 40.13 lakhs).

XII. Weighted Average Duration of Defined Benefit Obligations

The weighted average duration of defined benefit obligation is 8 years (2022: 8 years).

36. Share Based Payment

The eligible employees of the Company, including employees deputed from ITC Limited (ITC), are covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS: Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of ₹ 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting.

The options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

ITC ESAR: Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation units (SARs) vest over a period of five years from the date of grant and entitles each ESAR grantee, the appreciation for the total number of ESAR Units vested.

The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

In accordance with Ind AS 102, an amount of ₹ 28.70 lakhs (2022 - ₹ 8.66 lakhs) towards ITC ESOS and ₹ 74.93 lakhs (2022 - ₹ 8.50 lakhs) towards ITC ESAR has been recognized as employee benefits expense (Refer Note 25). Such charge has been recognised as employee benefits expense with corresponding credit to current / non – current financial liabilities, as applicable. Out of the above ₹ 20.58 lakhs (2022- ₹ 7.35 lakhs) is attributable to key management personnel (Mr. Soundararadjane S.).

The summary of movement of such options granted by ITC and status of the outstanding options is as under:

Particulars *	As at 31 March 2023	As at 31 March 2022
	No. of Options	No. of Options
Outstanding at the beginning of the year	59,198	68,790
Add: Granted during the year @	7,100	5,750
Less: Lapsed/Expired during the year	-	11,717
Less: Movement due to transfer of employees within the group	-	-
Less: Exercised during the year	27,579	3,625
Outstanding at the end of the year	38,719	59,198
Options exercisable at the end of the year	26,874	52,118

* The Weighted average exercise price of the options granted under the ITC ESOS to all Optionees covered under the Scheme is computed by ITC as a whole.

@ Includes 4,500 (2022 – 3,800) number of options granted to Key Management Personnel of the Company.

37. Capital Management

a. Risk Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return of the stakeholders through optimum fund utilization. The capital structure of the Company comprises of equity as detailed in the Statement of Changes in Equity as well as borrowings. The Company does not have any long-term debt obligation and funds its operations mainly through internal accruals and short term borrowings. The Company's objective while managing capital is to maintain an optimal structure so as to maximize shareholder value. Further, the Company is not exposed to any externally imposed capital requirements.

b. Dividend (₹ in lakhs)

Particulars	31 March 2023	31 March 2022
Equity shares Interim dividend for the year ended 31 March 2023 of ₹ Nil (31 March 2022 of ₹ 8/- per fully paid share)	–	3037.02

38. Categories of Financial Instrument

(₹ in lakhs)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial Assets				
a) Measured at fair value through profit and loss (FVTPL)				
Investments in Mutual Funds	–	–	3620.51	3620.51
b) Measured at amortised cost				
Cash and Other Bank Balances	4633.96	4633.96	2774.73	2774.73
Trade Receivables	116.78	116.78	543.40	543.40
Other Financial Assets	213.41	213.41	67.34	67.34
B. Financial Liabilities				
Measured at amortised cost				
Trade Payables	6781.25	6781.25	5915.27	5915.27
Other Financial Liabilities	554.88	554.88	447.71	447.71
Lease Liabilities	228.40	228.40	163.99	163.99

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

39. Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company continues to focus on a system based approach to business risk management. The Company's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the business. Backed by strong internal control systems, the current Risk Management Framework rests on policies and procedures issued by appropriate authorities; process of regular reviews / audits to set appropriate risk limits and controls; monitoring of such risks and compliance confirmation for the same.

(a) Market risk

The Company's business operations expose it to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such market risk may arise out of volatility in currency rates, interest rates and prices. The Company has in place appropriate risk management policies to limit the impact of these risks on its financial performance.

The Company ensures optimisation of cash through fund planning, robust cash management practices and manages interest rate risk and foreign exchange risk.

i) Foreign currency risk

The Company undertakes transactions denominated in foreign currency which results in exchange rate fluctuations. Such exchange rate risk primarily arise from transactions made in foreign exchange and reinstatement risks arising from recognised assets and liabilities which are not in the Company's functional currency (INR). Further, in view of low proportion of export/ imports, as compared to the overall operations, the exposure of the Company to foreign exchange risk is also not considered to be material. There are no unhedged foreign currency exposures as at the year end.

As the Company's foreign Currency exposure is Nil, no sensitivity analysis has been provided.

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from short-term borrowings where the rate of interest is fixed. The Company's borrowings are carried at amoritsed cost.

iii) Price risk

The Company invests its surplus funds primarily for short tenor in debt mutual funds measured at fair value through profit or loss. Aggregate value of such investments as at 31 March 2023 is ₹ Nil (31 March 2022 - ₹ 3620.51 lakhs). Accordingly, these do not pose any significant price risk, hence, no sensitivity analysis is given.

The deployment in fixed deposits are made with highly rated banks and stood at ₹ 4525.00 lakhs (2022 – ₹ 2433.00 lakhs), which does not expose the Company to price risk arising out of interest rate movement.

(b) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company's investment decisions relating to deployment of surplus liquidity are guided by the tenets of safety, liquidity and return. The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. Considering the dynamic nature of business, the Company also maintains committed credit lines with its bankers.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

(₹ in lakhs)

As at 31 March 2023						
		Contractual cash flows *				
Particulars	**Carrying Value**	**Less than 3 months**	**More than 3 months up to 6 months**	**More than 6 months up to 1 year**	**More than 1 year**	**Total**
Trade Payables	**6781.25**	**5542.63**	**592.95**	**645.67**	**-**	**6781.25**
Other Financial Liabilities	**554.88**	**129.74**	**158.27**	**231.89**	**34.98**	**554.88**
Lease Liability	**228.40**	**12.61**	**12.61**	**25.37**	**225.49**	**276.08**
Total	**7564.53**	**5684.98**	**763.83**	**902.93**	**260.47**	**7612.21**

(₹ in lakhs)

As at 31 March 2022						
		Contractual cash flows *				
Particulars	**Carrying Value**	**Less than 3 months**	**More than 3 months up to 6 months**	**More than 6 months up to 1 year**	**More than 1 year**	**Total**
Trade Payables	5915.27	4555.78	1044.00	315.49	-	5915.27
Other Financial Liabilities	447.71	99.60	262.72	50.82	34.57	447.71
Lease Liability	163.99	7.81	7.81	15.76	178.61	209.99
Total	**6526.97**	**4663.19**	**1314.53**	**382.07**	**213.18**	**6572.97**

* The table has been drawn up based on the earliest date on which the Company can be required to pay.

(c) Credit risk

Credit risk is the risk that Counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. Apart from its operating activities, wherein the Company deals with large number of customers, the Company is also exposed to credit risk from its investing activities.

There is no significant increase in credit risk. The Company believes that credit risk is low at the reporting date as the terms of trade are generally in advance / cash payment. In certain circumstances credit is extended to customers, taking into account market conditions, general economic scenario etc. A default on a financial asset is when the counterparty fails to make contractual payments within the credit period when they fall due. This definition of default is determined by considering the business environment in which the Company operates and other micro economic factors. Interest is generally not charged and / or paid on customer balances.

Credit risk with respect to trade receivables is not material and is limited due to the diverse customer base. The Company's historical experience of collecting receivables, supported by the level of default, is that credit risk is low and so trade receivables are considered to be a single class of financial assets. Individual customer credit limits are imposed based on relevant factors such as market feedback, banker's introduction, business potential etc. All Customer balances which are overdue for more than 180 days are evaluated for provisioning and considered for impairment on an individual basis. The customer balances are written-off as bad debts, when legal remedies available to the Company are exhausted and / or it becomes certain that said balances will not be recovered. The Company has used practical expedient in computing allowance for doubtful receivables based on the ageing of the customer's balances, specific credit circumstances and Company's historical and forward looking information.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

Movement in the provisions for impairment of trade receivables is as follows:

(₹ in lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance at the beginning of the year	**1.40**	1.40
Provided during the year	–	–
Adjusted during the year	–	–
Balance at the end of the year	**1.40**	1.40

Investment in mutual funds are made only with approved mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house.

40. Fair Value Measurement

Fair value hierarchy:

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price including within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

There are no assets or liabilities, the fair value of which has been benchmarked / derived with quoted benchmarks and accordingly, there are no assets / liabilities classified at Level 2.

The following table provides the fair value measurement hierarchy for financial assets measured at fair value:

(₹ in lakhs)

Financial Asset	Fair Value Hierarchy	Valuation Techniques	Fair Value as at	
			31 March 2023	31 March 2022
Investments in Mutual Funds	Level 1	Net Asset Value as declared by the Fund / quoted prices in active markets	–	3620.51

The fair value of trade receivables and payables, other bank balance, other financial assets and other financial liabilities is considered to be equal to the carrying amounts of these items due to their short – term nature.

41. Related party disclosures

(a) Names of related parties and nature of relationship

Holding Company : ITC Limited

(b) Other related parties with whom transactions have taken place during the year

Enterprises under common control : Technico Pty Limited, Australia (TPL)
ITC Infotech India Limited

Associate of the Holding Company : International Travel House Limited

(c) Key Management Personnel (KMP)

Mr. Surampudi Sivakumar : Director
Mr. Dharmarajan Ashok : Director
Mr. Ganesh Kumar Sundararaman : Director
Mr. David Charles McDonald : Director
Mr. Sachidanand Shivprakash Madan : Director (up to 27th November 2022)
Mr. Rajnikant Rai : Additional Director (w.e.f 26th November 2022)
Mr. Soundararadjane S. : Chief Executive Officer
Mr. Sanjeev Madan : Chief Financial Officer
Ms. Anjali : Company Secretary (up to 4th January 2023)
Ms. Vanshika Kapur : Company Secretary (w.e.f 23rd March 2023)

(d) Details of transactions carried out during the financial year ended 31 March, 2023 with related parties in the ordinary course of business:

(₹ in lakhs)

Particulars	Holding Company (ITC Limited)		Entities under Common Control		KMP		Associate of the Holding Company	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Sale of products								
- ITC Limited	**5486.04**	5135.06	–	–	–	–	–	–
- Technico Pty Limited	–	–	**34.36**	30.76	–	–	–	–
Lease rental income	**123.34**	123.34	–	–	–	–	–	–
Remuneration of managers on deputation reimbursed	**462.19**	456.12	–	–	–	–	–	–
Value of Share based payment								
- Reimbursement	**103.63**	17.16	–	–	–	–	–	–
Interim Dividend	–	3037.02	–	–	–	–	–	–
Purchase of services								
- ITC Limited	**44.07**	33.76	–	–	–	–	–	–
- ITC Infotech India Limited	–	–	**18.12**	14.02	–	–	–	–
- Mr. Sachidanand S. Madan	–	–	–	–	**93.16**	96.00	–	–
- International Travel House Limited	–	–	–	–	–	–	**35.47**	10.98
Expenses reimbursed								
- ITC Limited	**11.61**	19.78	–	–	–	–	–	–
- Technico Pty Limited	–	–	–	1.40	–	–	–	–
Expenses recovered								
- Technico Pty Limited	–	–	**6.37**	2.74	–	–	–	–
Remuneration paid**								
- Mr. Soundararadjane S.	–	–	–	–	**202.65**	169.89	–	–
- Other KMP	–	–	–	–	**110.51**	76.74	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

(e) Details of balances with the related parties :

(₹ in lakhs)

Particulars	Holding Company (ITC Limited)	
	31 March 2023	31 March 2022
Trade receivables	**93.92**	390.24
Other payables	**138.00**	91.06

****Compensation of key managerial personnel**

(₹ in lakhs)

The remuneration of directors and other members of key managerial personnel #	For the year ended 31 March 2023	For the year ended 31 March 2022
Short term benefits	**313.16**	246.63

\# Post-employment benefits and other long term employee benefits are actuarially determined on overall basis and hence not separately provided. Also refer note 36 on share based payments. Since such Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by such grant of Options, and accordingly the said grant has not been considered as remuneration.

Significant terms & conditions :

All the transactions with related parties are in ordinary course of business and on arm's length basis. The amount outstanding are unsecured and will be settled in cash.

42. Segment reporting

The operating segments are presented in a manner consistent with the internal reporting provided to the Board of Directors, which is the CODM.

Business segments comprises:

I. Seed Business: TECHNITUBER® Seed, Field Produced seed potatoes, Banana Tissue Culture

II. Fruits and Vegetables Business: Trading in table potatoes, Potatoes for processing industry, Onion etc.

A. Segment Results : (₹ in lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Segment Revenue:		
- Seed (Biological assets and Agricultural Produce)	**18076.38**	18333.28
- Fruits and Vegetables (Traded goods)	**7505.05**	7089.40
Gross Revenue from sale of products	**25581.43**	25422.68
Segment Results:		
- Seed	**4593.67**	5411.25
- Fruits and Vegetables	**(276.01)**	(739.62)
Segment Total	**4317.66**	4671.63
Unallocated Income	**123.34**	123.34
Profit before Interest etc. and taxation	**4441.00**	4794.97
Finance Costs	**(18.69)**	(20.64)
Gain on sale of current investments, interest earned on bank deposits, gain on fair value measurement of investments etc.	**461.02**	307.61
Profit before tax	**4883.33**	5081.94
Tax expenses	**(744.95)**	(778.00)
Profit for the year	**4138.38**	4303.94

B. Segment Assets and Liabilities: (₹ in lakhs)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Assets	Liabilities	Assets	Liabilities
Seed	**17555.48**	**6700.62**	13466.36	8428.79
Fruits and Vegetables	**5568.96**	**3291.49**	3013.76	1127.70
Segment Total	**23124.44**	**9992.11**	16480.12	9556.49
Unallocated Assets and Liabilities	**4786.02**	**3523.11**	6451.54	3121.84
Total	**27910.46**	**13515.22**	22931.66	12678.33

Segment Assets and Liabilities are measured in the same way as in the financial statements. These assets are allocated based on the operations of the respective segment.

C. Geographical segment wise revenue: (₹ in lakhs)

S. No.	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(a)	Revenue from domestic market	**25547.07**	25391.92
(b)	Revenue from overseas market	**34.36**	30.76
	Total	**25581.43**	25422.68

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (Contd.)

D. Depreciation and Amortization :

(₹ in lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Seed	261.26	206.49
Fruits and Vegetables	1.37	1.28
Total	262.63	207.77

Includes depreciation of Right of use assets (refer note 3.4, 34)

43. Use of Estimates and Judgements

The key estimates and assumptions used in the preparation of financial statements are set out below:

– The Company has ongoing litigations with income tax authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty.

– The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

– On initial recognition and at the end of each reporting period, the biological assets are measured at fair value less cost to sell. Gains and losses arising on initial recognition of both biological asset and agricultural produce and any subsequent changes in fair value are recognised in the statement of Profit and Loss in the period in which they arise.

44. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

- Ind AS 1, 'Presentation of Financial Statements' - The amendments require companies to disclose their material accounting policies rather than their significant accounting policies.

- Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments clarify, how companies account for deferred tax on transactions such as leases.

- Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - This amendment has introduced a definition of 'accounting estimates' and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.

The same are applicable, for financial statements pertaining to annual periods beginning on or after 1st April, 2023. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these amendments.

45. Ratio Analysis:

Ratio	Numerator	Denominator	Type	31 March 2023	31 March 2022	% change	Reason
Current ratio	Current Assets	Current Liabilities	Times	1.91	1.69	13	
Return on Equity ratio	Net Profits after taxes	Average Shareholder's Equity	%	33.61	44.74	(11.13)	
Inventory Turnover ratio	Sales	Average Inventory	Times	1.49	1.78	(16)	
Trade Receivable Turnover Ratio	Sales	Average Trade Receivable	Times	77.50	57.17	36	a
Trade Payable Turnover Ratio	Sales	Average Trade Payables	Times	4.03	3.70	9	
Net Capital Turnover Ratio	Sales	Working capital	Times	2.13	2.94	(28)	b
Net Profit ratio	Net Profit	Sales	%	16.19	16.93	(0.74)	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed	%	34.05	49.77	(15.72)	
Return on Investment	Income from Investment	Average Investment*	%	4.94	3.28	1.66	
*Average Investment (All time weighted basis)							
Reason of variance for more than 25%							
a) Lower trade receivables as at 31 March 2023 in comparison with previous year.							
b) Mainly Increase in Inventories and Biological assets other than bearer plants as at 31 March 2023 in comparison with previous year.							

46. The financial statement for the year ended 31 March 2023 are adopted and authorized for issue by Board of Directors on 1st May 2023.

For SRBC & Co LLP
Firm registration number: 324982E/E300003
Chartered Accountants

Ajay Bansal
Partner
Membership no.: 502243

Place: Gurugram
Date: 1 May, 2023

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
Chairman
Hyderabad

Dharmarajan Ashok
Director
Kolkata

Soundararadjane S.
Chief Executive Officer
Chandigarh

Sanjeev Madan
Chief Financial Officer
Chandigarh

Vanshika Kapur
Company Secretary
Chandigarh

Date: 1 May, 2023

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. Your Directors submit their Third Report for the financial year ended 31st March, 2023.

2. **PERFORMANCE OF THE COMPANY**

   The Company was incorporated as a wholly owned subsidiary of ITC Limited ('ITC') on 9th July, 2020 primarily for manufacture and export of nicotine & nicotine derivative products.

   The nicotine & nicotine derivative products are meant to be used in the ANDS (Alternative Nicotine Delivery Systems) businesses comprising vapour products and nicotine pouches. In the recent years, this segment has witnessed significant growth globally, and is expected to continue to grow at a robust pace.

   The Company is in the process of setting up of its manufacturing facility at Nanjangud, Mysuru, Karnataka. The construction of plant and erection of machineries are almost complete and regulatory approvals for commencing trials and commissioning are in the process of being obtained.

   The facility & processes are designed in accordance with the principles of GMP (Good Manufacturing Practice) which minimise the risks involved in any pharmaceutical production, thereby ensuring that products are consistently produced and controlled according to quality standards. The Company's manufacturing facility will also be compliant with the Indian Drug Rules as well as the U.S. FDA (Food and Drug Administration) Regulations.

   The total expenditure on the Project representing capital work-in-progress, fixed assets and intangible assets under development as at 31st March, 2023 was ₹ 26,341.08 lakhs, and the net loss for the year ended 31st March, 2023 stood at ₹ 168.23 lakhs.

   The financial results of your Company, summarised, are as under:

		For the financial year ended 31st March, 2023 (₹ in lakhs)	For the financial year ended 31st March, 2022 (₹ in lakhs)
a.	Profit Before Tax	(180.12)	(128.69)
b.	Less: Tax Expense	11.89	0.05
c.	Profit After Tax	(168.23)	(128.64)

3. **SHARE CAPITAL**

   It may be recalled that the Shareholders had approved issue of 2,20,00,000 Preference Shares of ₹ 100/- each, aggregating ₹ 220 crores, to ITC on private placement basis.

   During the year under review, the Company raised funds through private placement to ITC aggregating ₹ 130 crores, divided into 1,30,00,000 Preference Shares of ₹ 100/- each. Consequently, the Issued and Paid-up Share Capital of the Company as on 31st March, 2023 stood at ₹ 280 crores comprising Equity Share Capital of ₹ 120 crores and Preference Share Capital of ₹ 160 crores.

   Post 31st March, 2023, the Company raised funds through private placement aggregating ₹ 25 crores, divided into 25,00,000 Preference Shares of ₹ 100/- each. Further, your Board of Directors ('the Board') at the Meeting held on 25th April, 2023 has offered, in the seventh tranche, issue of 20,00,000 Preference Shares of ₹ 100/- each to ITC, aggregating ₹ 20 crores.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

   (a) **Changes in Directors during the year**

   During the year under review, Mr. Kurakula Nageswara Rao (DIN: 09667379) was appointed, with your approval, as a Non-Executive Director of the Company with effect from 25th November, 2022. Mr. Sreedharan Sunil Nair (DIN: 09765785) was also appointed, with your approval, as the Wholetime Director of the Company with effect from 15th October, 2022 till 31st October, 2023. The appointment of Mr. Nair is governed by the resolutions passed by the Board and the Shareholders of the Company. The statutory provisions apply with respect to notice period and severance fee.

   Mr. Sanjiv Rangrass (DIN: 08786754), consequent to his retirement from the services of ITC, stepped down as a Non-Executive Director of your Company with effect from 4th June, 2022. Your Directors place on record their appreciation for the contribution made by Mr. Rangrass during his tenure with the Company.

   (b) **Changes in Key Managerial Personnel during the year**

   During the year under review, Ms. Bushra resigned as the Chief Financial Officer of the Company with effect from 10th May, 2022. The Board at the meeting held on 16th July, 2022, in terms of Section 203 of the Companies Act, 2013 ('the Act'), appointed Mr. Venkateswarlu Tanguturi as the Chief Financial Officer of the Company with effect from the said date. Mr. Tanguturi also resigned as the Chief Financial Officer of the Company effective 26th March, 2023.

   As stated above, Mr. Sreedharan Sunil Nair was appointed as the Wholetime Director of the Company with effect from 15th October, 2022 and accordingly, he ceased to be the Manager of the Company with effect from the said date.

   (c) **Directors - Retirement by Rotation**

   In accordance with the provisions of Section 152 of the Act read with the Articles of Association of the Company, Messrs. Ashit Kumar (DIN: 08786753) and Habbela Narasimhaiah Ramaprasad (DIN: 08786702) will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company and, being eligible, offer themselves for re-election. Your Board has recommended their re-election.

   (d) **Board Evaluation**

   The Board carried out annual performance evaluation of its own performance and that of the individual Directors, as required under Section 134 of the Act, based on criteria approved by the Board.

5. **BOARD MEETINGS**

   Five Meetings of the Board were held during the financial year ended 31st March, 2023.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

   As required under Section 134 of the Act, your Directors confirm having:

   (i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

   (ii) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2023 and of the loss of the Company for the year ended on that date;

   (iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

   (iv) prepared the Annual Accounts on a going concern basis; and

   (v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

7. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

   The Company does not have any subsidiary, associate or joint venture.

8. **PARTICULARS OF EMPLOYEES**

   The details of top ten employees of the Company in terms of remuneration drawn, as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure 1** to this Report.

   The Company seeks to enhance equal opportunities for men & women and is committed to a gender-friendly workplace. During the financial year ended 31st March, 2023, no complaint for sexual harassment was received. Your Company has constituted an Internal Complaints Committee in compliance with the applicable provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

9. **RISK MANAGEMENT**

   The Company has a Risk Management Policy which is designed to bring robustness to the risk management processes, and addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company. The Internal Auditors of the Company carry out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The risk management framework of the Company is commensurate with its size and nature of business.

In terms of the aforesaid Risk Management Policy approved by the Board, management of risks vests with the executives responsible for the day-to-day conduct of the affairs of the Company. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

A combination of policies and processes as outlined above adequately addresses the various risks associated with the Company's operations.

10. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the Financial Statements, commensurate with its size and scale of operations. The Governance processes (including Standard Operating Procedures and Policies) approved by the Board, delineate the roles, responsibilities and authorities of the key functionaries involved in governance, and provide foundation for the Company's internal financial controls with respect to the Financial Statements.

The Financial Statements of the Company are prepared on the basis of the Significant Accounting Policies that are carefully selected by the management and approved by the Board. This, along with the transactional controls built into the systems, ensure appropriate segregation of duties and approval mechanisms commensurate with the level of responsibility.

During the year under reference, the internal financial controls in the Company with respect to the Financial Statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

11. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year ended 31st March, 2023, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. **RELATED PARTY TRANSACTIONS**

During the year ended 31st March, 2023, the Company has not entered into any contract or arrangement with its related parties which is not at arm's length. The details of material related party transaction(s) of the Company in the prescribed Form No. AOC-2 are enclosed under **Annexure 2** to this Report.

13. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

14. **COST RECORDS**

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

15. **AUDITORS**

(a) **Statutory Auditors**

Messrs. S. R. Batliboi & Associates LLP ('SRBA'), Chartered Accountants, were appointed as the Auditors of your Company at the 1st AGM held on 13th July, 2021 to hold such office till the conclusion of the 6th AGM (up to financial year 2025-26). Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of SRBA for the financial year 2023-24. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

(b) **Secretarial Auditors**

Your Board appointed Messrs. Mamta Binani & Associates, Company Secretaries, to conduct secretarial audit of the Company for the financial year ended 31st March, 2023. The Secretarial Auditors have confirmed that your Company has complied with the applicable laws and that there are adequate systems and processes in your Company commensurate with its size and scale of operations to monitor and ensure compliance with the applicable laws.

The Report of Messrs. Mamta Binani & Associates, in terms of Section 204 of the Act, is enclosed as **Annexure 3** to this Report.

16. **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

17. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The design of the Company's manufacturing facility incorporates maximisation of natural lighting, insulation for minimal wastage of heat energy and use of energy efficient lighting fixtures. The Plant has 100% condensate recovery system and is designed to maximise the reuse / reduce the usage of chemical / solvents and water. The equipment & process flow design and technology selection are aimed at achieving high efficiencies with optimal energy utilisation. The complete process will be operated through DCS (Distributed Control System) ensuring reproducibility, repeatability and reliability with utmost control over processes, thereby ensuring quality of the product. Advanced technology like intelligent electrical modules have been used in the electrical control panels to have seamless integration with the centralised DCS system. Entire manufacturing control system has been validated in line with the latest regulatory requirements and Good Automated Manufacturing Practices (GAMP5). After evaluating multiple processes, a novel extraction process for manufacture of nicotine / nicotine salts has been developed in the lab.

There has been no foreign exchange earnings or outflow during the year under review.

On behalf of the Board

	(S. Sivakumar)	**(A. Kumar)**
	Chairman	**Director**
Dated: April 25, 2023	**DIN: 00341392**	**DIN: 08786753**

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2023

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Names of employees	Age (Years)	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of deputation / Date of Joining	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
Chandrakant Minz	39	Senior Manager - Operations	79,20,505/-	49,73,550/-	B.Tech and M.Tech (Mech)	14	01.05.2022	Manager Operations – ESPB, ITC Limited
Sreedharan Sunil Nair	52	Wholetime Director	71,71,906/-	41,90,937/-	B.E. (Mechanical) and M.B.A. (Finance)	28	01.11.2020	Factory Manager - Anaparti Green Leaf Threshing Plant, ITC Limited
Venkateswarlu Tanguturi[1]	32	Chief Financial Officer	66,06,924/-	38,22,896/-	C.A., C.M.A.	10	12.05.2022	Senior Manager - Finance, ITC Limited
Ajay Mahendrakar	37	Manager - Projects	30,75,350/-	22,45,461/-	DECE, B.E. (Electrical & Commn. Engg)	16	01.01.2021	Assistant Manager - Quality Control, ITC Limited
Repalle Sai Nischal	32	Manager - Projects	27,04,616/-	19,53,944/-	PGP in PE & Mgmt., B.Tech. (Mechanical)	12	01.11.2020	Assistant Manager - Projects, ITC Limited
K V Vandana	40	Manager - HR	25,67,048/-	18,46,499/-	Diploma in Civil Engg.,B.B.M., M.H.R.M.	17	01.05.2021	Assistant Manager - HR, ITC Limited
Debanjan Sarkar	34	Company Secretary	25,39,164/-	18,03,717/-	A.C.S and B.Com (H)	11	01.01.2022	Assistant Manager - Secretarial, ITC Limited
B Thirupathi Rao	39	Associate Scientist	24,18,757/-	17,70,176/-	M.Sc. (Organic Chemistry)	16	01.11.2020	Assistant Manager - QC, ITC Limited
Chiriki Harish Kumar	32	Manager - Projects	18,67,162/-	13,53,078/-	B.Tech.(Chemical Engg.)	10	01.11.2020	Associate Manager - Projects, ITC Limited
Nikhil Brijlal Kadam	35	Manager - Quality Assurance	16,97,264/-	13,34,126/-	M.Sc. (Life Science)	12	01.11.2020	Associate Manager - Projects, ITC Limited
G Venkata Ramana Rao	55	Deputy General Manager - Production	15,01,400/-	12,50,433/-	B.E. (Chemical Engineering)	29	30.09.2022	Assistant General Manager - Production, Hikal Limited
Akshay Prabhakar Bhamare[2]	24	Assistant Manager - Projects	5,87,977/-	4,90,181/-	B.Tech. (Chemical)	3	01.01.2021	Assistant Manager - Projects, ITC Limited
Bushra[3]	25	Chief Financial Officer	4,12,826/-	3,27,159/-	A.C.A.	3	01.09.2020	Assistant Manager - Finance, ITC Limited

1. Resigned with effect from 26th March, 2023.
2. Resigned with effect from 11th June, 2022.
3. Resigned with effect from 10th May, 2022.

All the above employees are / were on deputation from ITC Limited, the Holding Company ('ITC'), except for Mr. G. Venkata Ramana Rao.

Notes:

a. Gross remuneration includes salary, variable pay / performance bonus, long-term incentives, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

c. The Wholetime Director has been granted Stock Options by ITC under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. Since these Stock Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options, and accordingly the said grant has not been considered as remuneration.

d. The aforesaid employees are / were neither relative of any Director of the Company nor hold any equity share in the Company.

On behalf of the Board

	(S. Sivakumar)	**(A. Kumar)**
	Chairman	**Director**
Dated: April 25, 2023	**DIN: 00341392**	**DIN: 08786753**

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2023

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	Russell Credit Limited, fellow subsidiary (RCL)
b)	Nature of the contracts / arrangements / transactions	Unsecured inter-corporate loan of ₹ 4,500 lakhs from RCL
c)	Duration of the contracts / arrangements / transactions	21st February, 2023 to 20th February, 2025
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	• Interest payable on quarterly basis @ 8.00% per annum • Loan availed during the year and outstanding as on 31st March, 2023: ₹ 1,250 lakhs
e)	Date(s) of approval by the Board, if any	11th January, 2023
f)	Amount paid as advances, if any	Nil

On behalf of the Board

(S. Sivakumar)
Chairman
DIN: 00341392

(A. Kumar)
Director
DIN: 08786753

Dated: April 25, 2023

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
ITC IndiVision Limited
Virginia House
37, Jawaharlal Nehru Road
Kolkata 700071

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ITC INDIVISION LIMITED** (hereinafter called "the Company"), bearing CIN: U16007WB2020PLC237915. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023, to the extent applicable, according to the provisions of:

(i) Companies Act, 2013 ('the Act') and the Rules made thereunder; and

(ii) Specific laws applicable - Drugs and Cosmetics Act, 1940 and the Rules made thereunder.

We have also examined compliance with applicable clauses of the Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India under Section 118 of the Act.

During the period under review, the Company has complied with the provisions of the Act, Rules, Standards, etc. mentioned herein above.

We further report that:

(a) The Board of Directors of the Company is duly constituted in compliance with the applicable provisions of law. The changes made in the composition of the Board of Directors during the period under review were carried out in compliance with the applicable laws.

(b) Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were generally sent at least seven days in advance, and for meetings called on shorter notice, the consent from all the Directors was taken and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(c) As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and therefore there were no dissenting views that were required to be recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines in this respect.

We further report that during the period of audit, the Company has not undertaken any specific events/actions that can have a bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, standards etc., except as follows –

i. Alteration of the Objects Clause of the Memorandum of Association of the Company which was approved at the Extraordinary General Meeting of the Members held on 25th November, 2022.

ii. Offer and issue of 125,00,000 Preference Shares of ₹ 100/- each by way of Private Placement to ITC Limited, and allotment of 130,00,000 Preference Shares of ₹ 100/- each, fully paid-up, to ITC Limited.

For Mamta Binani & Associates
Practising Company Secretaries
ICSI Unique Code: P2016WB060900

CS Madhuri Pandey
Partner
CP No.: 20723
Membership No.: A55836
Peer Review Certificate No.: 722/2020
UDIN: A055836E000077209

Date: 12.04.2023
Place: Kolkata

INDEPENDENT AUDITOR'S REPORT

To the Members of ITC IndiVision Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying financial statements of ITC IndiVision Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. 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 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also 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 SAs 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 SAs, we exercise professional judgment and maintain professional skepticism 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

I. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv.a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

vi. As proviso to rule 3(1) of companies (Accounts) Rules, 2014 is applicable for the company only w.e.f April 01, 2023, reporting under this clause is not applicable.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Atin Bhargava
Partner
Membership Number: 504777
UDIN: 23504777BGXMEH6384

Place of Signature: Hyderabad
Date: April 25, 2023

Annexure 1 referred to the Independent Auditor's Report
Re: ITC IndiVision Limited ("the Company")

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(B) The Company has not capitalized any intangible assets in the books of the Company and accordingly, the requirement to report on clause 3(i)(a)(B) of the Order is not applicable to the Company.

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate.

(b) The Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) Since the Company has not commenced commercial production, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, duty of customs, cess and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer/ further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares during the year. The Company has not raised and fully or partially or optionally convertible debentures. The funds raised, have been used for the purposes for which the funds were raised.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form AOT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi) of the Order is not applicable to the Company.

(xvii) The Company has incurred cash losses in the current year amounting to Rs. 139.41 Lakhs. In the immediately preceding financial year, the Company had incurred cash losses amounting to Rs. 115.27 Lakhs.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 29 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial l iabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The provisions of section 135 (I) of the Companies Act, 2013 are not applicable to the Company. Accordingly, the requirement to report on clause (xx) of the Order is not applicable to the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Atin Bhargava
Partner
Membership Number: 504777
UDIN: 23504777BGXMEH6384

Place of Signature: Hyderabad
Date: April 25, 2023

Annexure – 2 to the Independent Auditor's Report of even date on the financial statements of ITC IndiVision Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **ITC IncliVision Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended March 31, 2023.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Atin Bhargava
Partner
Membership Number: 504777
UDIN: 23504777BGXMEH6384

Place of Signature: Hyderabad
Date: April 25, 2023

ITC IndiVision Limited
Balance Sheet as at March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	3A	162.11	192.72
Capital work-in-progress	3B	25,833.98	13,003.91
Right-of-use assets	3C	716.83	742.95
Intangible assets under development	3B	344.99	324.99
Deferred tax assets (net)	9	13.31	1.42
Other non-current assets	4	235.66	747.35
		27,306.88	15,013.34
Current assets			
Inventory	8	2,031.68	864.09
Financial assets			
Investments	5	1,076.35	904.96
Cash and cash equivalents	6	170.14	10.04
Others	7	6.09	3.49
Other current assets	4	2,909.28	1,427.75
		6,193.54	3,210.33
Total assets		33,500.42	18,223.67
Equity and liabilities			
Equity			
Equity share capital	10	12,000.00	12,000.00
Other equity	11	(423.33)	(255.10)
		11,576.67	11,744.90
Liabilities			
Non-current liabilities			
Financial liabilities			
Long term borrowings	13	16,000.00	3,000.00
Right of Use Lease Liability	3C	837.98	814.29
Other financial liabilities	14	7.92	3.52
Provisions	16	3.51	0.70
		16,849.41	3,818.51
Current liabilities			
Financial liabilities			
Trade payables	12		
- Total outstanding dues to micro enterprises and small enterprises		13.40	–
- Total outstanding dues to creditors other than micro enterprises and small enterprises		57.54	8.11
Borrowings	13	1,250.00	–
Other financial liabilities	14	3,672.34	2,588.55
Other current liabilities	15	81.06	63.60
		5,074.34	2,660.26
Total equity and liabilities		33,500.42	18,223.67
Summary of significant accounting policies	2	–	

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

Atin Bhargava
Partner
Membership No.: 504777
Place : Hyderabad
Date : April 25, 2023

For and on behalf of the Board of Directors of
ITC IndiVision Limited
CIN: U16007WB2020PLC237915

S. Sivakumar
Chairman
DIN No.: 00341392
Place: Hyderabad
Date : April 25, 2023

Ashit Kumar
Director
DIN No.: 08786753
Place: Guntur
Date : April 25, 2023

Debanjan Sarkar
Company Secretary
M. No.: A31527
Place: Kolkata
Date : April 25, 2023

ITC IndiVision Limited

Statement of Profit and Loss for the year ended March 31, 2023

(All amounts in Indian Rupees in Lakhs except as otherwise stated)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Other income	17	1.29	42.94
Total income		1.29	42.94
Expenses			
Depreciation and amortisation expense	3A	40.72	13.42
Other expenses	18	108.65	137.45
Employee benefit expenses	19	24.64	20.76
Finance Costs	20	7.40	–
Total expenses		181.41	171.63
Loss before tax		(180.12)	(128.69)
Tax expenses			
Current tax		–	–
Deferred tax	21	(11.89)	(0.05)
Total tax expenses		(11.89)	(0.05)
Loss for the year		(168.23)	(128.64)
Other comprehensive income (OCI)		–	–
Total comprehensive Loss for the year		(168.23)	(128.64)
Earnings per equity share (Face value of share ₹ 10)	22		
Basic and Diluted		(0.14)	(0.15)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

Atin Bhargava
Partner
Membership No.: 504777
Place : Hyderabad
Date : April 25, 2023

For and on behalf of the Board of Directors of
ITC IndiVision Limited
CIN: U16007WB2020PLC237915

S. Sivakumar
Chairman
DIN No.: 00341392
Place: Hyderabad
Date : April 25, 2023

Ashit Kumar
Director
DIN No.: 08786753
Place: Guntur
Date : April 25, 2023

Debanjan Sarkar
Company Secretary
M. No.: A31527
Place: Kolkata
Date : April 25, 2023

ITC IndiVision Limited
Cash Flow Statement for the year ended March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
A. Cash flow from / (used in) operating activities			
Loss before tax		(180.12)	(128.69)
Adjustment for			
Depreciation and amortisation		40.72	13.42
Interest on borrowings		7.40	–
Net gain arising on financial assets mandatorily measured at FVTPL		(1.21)	(42.94)
Operating loss before working capital changes		(133.21)	(158.21)
Adjustment for working capital changes			
Increase in other financial assets		(2.60)	0.64
Increase in other non-current and current assets		(1,559.58)	(1,313.08)
Increase in inventory		(1,167.59)	(864.09)
Increase in provisions		2.81	0.57
Increase in non-current and current other financial liabilities		124.32	2,409.65
Increase in trade payables		62.83	8.11
Increase in other current liabilities		17.46	26.84
Net cash flow (used in) / from operation		(2,655.56)	110.43
Taxes paid		–	–
Net cash flow (used in) / from operating activities	**(A)**	(2,655.56)	110.43
B. Cash flow used in investing activities			
Purchase of property, plant and equipment, including capital work in progress, intangible under development and capital advances		(11,256.76)	(10,398.59)
(Investments in) / redemption from units of mutual funds (net)		(170.18)	204.25
Net cash used in investing activities	**(B)**	(11,426.94)	(10,194.34)
C. Cash flow from financing activities			
Proceeds from issue of preference shares		13,000.00	10,000.00
Proceeds from borrowings		1,250.00	–
Payment of interest on borrowings		(7.40)	–
Net cash flow from financing activities	**(C)**	14,242.60	10,000.00
Net increase / (decrease) in cash and cash equivalents	**(A+B+C)**	160.10	(83.91)
Cash and cash equivalents at the beginning of the year		10.04	93.95
Cash and cash equivalents at the end of the year		170.14	10.04
Components of cash and cash equivalents			
Balances with banks			
On current accounts		170.14	10.04
Total cash and cash equivalents (refer note 6)		170.14	10.04
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

Atin Bhargava
Partner
Membership No.: 504777
Place : Hyderabad
Date : April 25, 2023

For and on behalf of the Board of Directors of
ITC IndiVision Limited
CIN: U16007WB2020PLC237915

S. Sivakumar
Chairman
DIN No.: 00341392
Place: Hyderabad
Date : April 25, 2023

Ashit Kumar
Director
DIN No.: 08786753
Place: Guntur
Date : April 25, 2023

Debanjan Sarkar
Company Secretary
M. No.: A31527
Place: Kolkata
Date : April 25, 2023

ITC IndiVision Limited
Statement of Changes in Equity for the year ended March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

a) Equity share capital

Equity shares of Rs. 10 each, issued, subscribed and fully paid up	No. of shares	Amount
As at April 01, 2021	5,00,00,000	5,000.00
Issued during the year	7,00,00,000	7,000.00
As at March 31, 2022	**12,00,00,000**	**12,000.00**
As at April 01, 2022	**12,00,00,000**	**12,000.00**
Issued during the year	–	–
As at March 31, 2023	**12,00,00,000**	**12,000.00**

b) Other equity

	Retained earnings	Amount
As at April 01, 2021	(126.46)	(126.46)
Loss for the year	(128.64)	(128.64)
Total Other comprehensive income for the year	–	–
As at March 31, 2022	**(255.10)**	**(255.10)**
As at April 01, 2022	**(255.10)**	**(255.10)**
Loss for the year	(168.23)	(168.23)
Total Other comprehensive income for the year	–	–
As at March 31, 2023	**(423.33)**	**(423.33)**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

Atin Bhargava
Partner
Membership No.: 504777
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ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

1. Corporate Information:

ITC Indivision limited ("IIVL" or "the Company") is a public limited company incorporated in India on July 09, 2020 under the provisions of Companies Act 2013 ("act") with its registered office at Virginia house, 37 Jawaharlal Nehru road, Kolkata, West Bengal, India - 700071.

The Company is the wholly owned subsidiary of ITC Limited. The Company is carrying out business activities relating to manufacturing and dealing in nicotine in liquid or other forms, including nicotine salts such as nicotine bitartrate (NiBt).

2. Significant accounting policies

2.1 Basis of preparation

The Financial Statements for the period ended March 31, 2023 comprising of Balance Sheet as at March 31, 2023, Statement of Profit and Loss for the period ended March 31, 2023, including the Statement of Other Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity for the period then ended, and a summary of explanatory notes (together hereinafter referred to as "Financial Statements") have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) rules, 2015, as amended and other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III of Companies act, 2013.

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102.Share-based Payment, leasing transactions that are within the scope of Ind AS116 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

2.2 Summary of Significant accounting policies

a. Operating Cycle

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 - Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

b. Property, Plant and Equipment - Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and

ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight-line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	30-60 Years
Leasehold Improvements	Shorter of lease period or estimated useful lives
Plant and Equipment	8- 15 Years
Furniture and Fixtures	10 Years
Vehicles	8 – 10 Years
Office Equipment	5 Years

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

c. Intangible Assets

Intangible Assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

i. for assets acquired in a business combination at fair value on the date of acquisition.

ii. for separately acquired assets, at cost comprising the purchase price (including import duties and non refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. Thereafter, all directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets. Internally generated brands, websites and customer lists are not recognised as intangible assets.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g., patents, licences, trademarks, franchise and servicing rights) or the likelihood of technical, technological obsolescence (e.g., computer software, design, prototypes) or commercial obsolescence (e.g., lesser known brands are those to which adequate marketing support may not be provided). If, there are no such limitations, the useful life is taken to be indefinite.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and / or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

d. Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognised in previous years.

e. Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

f. Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gain/Losses arising out of fluctuations in the exchange rates are recognized in the Profit & Loss in the period in which they arise except in respect of Fixed Assets where exchange variance is adjusted in the carrying amount of the respective Fixed Assets.

To account for Profit/loss arising on cancellation or renewal of forward exchange contracts as income/ expense for the period, except in case of forward exchange contracts relating to liabilities incurred for acquiring Fixed Assets, in which case such profit / loss are adjusted in the carrying amount of the respective Fixed Assets.

To account for gain/losses on foreign exchange rate fluctuations relating to current assets and liabilities at the year end. / (Gains/ losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.)

g. Financial instrument, Financial assets, Financial liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component , which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at fair value or transaction price, as applicable, when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

i. Financial assets are classified as those measured at:

- amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.
- fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

ii. Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and Joss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

i. amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

ii. fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost. Any discount or premium on redemption/ settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

h. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i. Revenue

Revenue is measured at the transaction price that the Company receives or expects to receive as consideration for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods excludes Goods and Services Tax.

Revenue from the sale of goods and services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the periods in which such services are rendered.

j. Government Grant

The Company may receive government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria.

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant. Accordingly, government grants:

a. related to or used for assets are deducted from the carrying amount of the asset.

b. related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred. by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

   In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

k. Dividend Distribution

Dividends paid (including income tax thereon, if any) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

l. Employee Benefits

Provident Fund and Employee State Insurance Scheme: Contribution towards provident fund and employee state insurance scheme for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. The contributions are charged to the statement of Profit and Loss of the year, when the contributions to the respective funds are due.

Gratuity: Gratuity liability is a defined benefit obligation and is provided for on the basis of an independent actuarial valuation on projected unit credit method made at the end of each financial year. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or loss on account of re measurement are recognised immediately through Other Comprehensive Income in the period in which they occur

Compensated Leave: The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Short Term Employee Benefits: Liability is recognised during the period when the employee renders the services.

m. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration

Company as a Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognized using the effective interest method, Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

n. Taxes on Income

Taxes on income comprises current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

o. Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

p. Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

q. Financial and Management Information Systems

The Company's Accounting System is designed to unify the Financial and Cost Records and also to comply with the relevant provisions of the Companies Act, 2013, to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

3A. Property, plant and equipment

Particulars	Plant and equipment	Furniture and fixtures	Office equipment	Computers, servers & other IT equipments	Total
Gross carrying amount					
As at March 31, 2021	**36.24**	**13.08**	**7.40**	**8.63**	**65.35**
Additions during the year	61.37	5.35	0.74	74.13	141.59
Disposals during the year	–	–	–	–	–
As at March 31, 2022	**97.61**	**18.43**	**8.14**	**82.76**	**206.94**
Additions during the year	0.44	2.07	7.60	–	10.11
Disposals during the year	–	–	–	–	–
As at March 31, 2023	**98.05**	**20.50**	**15.74**	**82.76**	**217.05**
Depreciation and amortisation					
As at March 31, 2021	**0.20**	**0.24**	**0.19**	**0.17**	**0.80**
Charge for the year	6.01	1.54	0.15	5.72	13.42
Disposals	–	–	–	–	–
As at March 31, 2022	**6.21**	**1.78**	**0.34**	**5.89**	**14.22**
Charge for the year	7.91	1.90	3.50	27.41	40.72
Disposals	–	–	–	–	–
As at March 31, 2023	**14.12**	**3.68**	**3.84**	**33.30**	**54.94**
Net block					
As at March 31, 2023	**83.93**	**16.82**	**11.90**	**49.46**	**162.11**
As at March 31, 2022	**91.40**	**16.65**	**7.80**	**76.87**	**192.72**

3B. Capital Work-in-Progress and Intangible Assets under development

Particulars	Capital Work-in-Progress		Intangible Assets under development	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Opening Balance	13,003.91	2,420.02	324.99	333.63
Additions	12,830.07	10,583.89	20.00	(8.64)
Capitalised during the year	–	–	–	–
Total	**25,833.98**	**13,003.91**	**344.99**	**324.99**

Ageing schedule

Particulars	Capital Work-in-Progress		Intangible Assets under development	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Less than 1 Year	12,830.06	10,583.89	20.00	–
1 - 2 Years	10,583.89	2,420.02	–	324.99
2 - 3 Years	2,420.02	–	324.99	–
More than 3 years	–	–	–	–
Total	**25,833.97**	**13,003.91**	**344.99**	**324.99**

The project is currently under progress and there are no projects which are temporarily suspended.

3C. Right-of-use assets

Particulars	As at March 31, 2023	As at March 31, 2022
Gross carrying amount		
Opening Balance	783.73	783.73
Additions	–	–
Disposals	–	–
Total	**783.73**	**783.73**
Accumulated amortization		
Opening Balance	40.78	14.66
Charge for the year*	26.12	26.12
Disposals	–	–
Total	**66.90**	**40.78**
Net block		
Total	**716.83**	**742.95**

*Transferred to Capital Work-in-Progress

Set out below are carrying amounts of lease liabilities and movements during the year		
Opening Balance	814.29	790.12
Additions	–	–
Accretion of interest	23.69	24.17
Payments	–	–
Closing Balance	**837.98**	**814.29**
Current	–	–
Non - Current	837.98	814.29

The effective interest rate for lease liabilities is 9.01% with maturity of Financial year 2050-51.

ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

4. Other assets

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Capital Advances	157.61	747.35
Prepaid expenses	78.05	–
	235.66	**747.35**
Current		
Advances to employees	–	0.20
Balance with government authorities	2,888.47	1,420.80
Prepaid Expenses	20.81	6.75
	2,909.28	**1,427.75**

5. Current investments

Particulars	As at March 31, 2023	As at March 31, 2022
In units of mutual funds		
Nil (March 31, 2022: 5,835) Units of Nippon India Liquid-Direct Plan Growth Plan-Growth Option	–	303.87
34,997 (March 31, 2022: 25,426) Units of Axis Liquid Fund-Direct Growth	875.24	601.09
135,592 (March 31, 2022: Nil) Units of ICICI Prudential Liquid Fund-Direct Growth	201.11	–
	1,076.35	**904.96**
Aggregate amount of unquoted investments	1,076.35	904.96

6. Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks		
On current accounts	170.14	10.04
	170.14	**10.04**

7. Financial assets - Others

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
Security deposits	6.09	3.49
	6.09	**3.49**

Breakup of Financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Carried at Fair value		
Investments in units of mutual fund	1,076.35	904.96
Carried at amortised cost		
Balances with banks	170.14	10.04
Security deposits	6.09	3.49
	1,252.58	**918.49**

8. Inventories

Particulars	As at March 31, 2023	As at March 31, 2022
(At lower of cost and net realisable value)		
Raw material	2,029.58	861.60
Packing material	2.10	2.49
	2,031.68	**864.09**

9. Deferred tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax asset arising on account of timing differences relating to:		
On unabsorbed depreciation	11.82	4.61
On unabsorbed losses	9.15	0.07
On preliminary expenses	0.61	0.91
Deferred tax liability arising on account of timing differences relating to:		
On written down value difference of property, plant and equipment between tax and financial books	(3.89)	(3.74)
On gain on mutual fund	(4.37)	(0.43)
	13.31	**1.42**

Break up of deferred tax (asset) / liabilities (net)

Particulars	Opening Balance	Recognised in the statement of profit and loss	Recognised in OCI	Closing balance
For the year ended 31 March 2023:				
Unabsorbed depreciation	4.61	(7.21)	–	11.82
Unabsorbed losses	0.07	(9.08)	–	9.15
Preliminary expenses	0.91	0.30	–	0.61
Written down value difference of property, plant and equipment between tax and financial books	(3.74)	0.15	–	(3.89)
Gain on mutual fund	(0.43)	3.94	–	(4.37)
	1.42	**(11.89)**	–	**13.31**
For the period ended 31 March 2022:				
Unabsorbed depreciation	0.93	(3.68)	–	4.61
Unabsorbed losses	0.07	–	–	0.07
Preliminary expenses	1.21	0.30	–	0.91
Written down value difference of property, plant and equipment between tax and financial books	(0.83)	2.91	–	(3.74)
Gain on mutual fund	(0.01)	0.42	–	(0.43)
	1.37	**(0.05)**	–	**1.42**

10. Equity share capital

Particulars	March 31, 2023 Number of shares	March 31, 2023 Amount	March 31, 2022 Number of shares	March 31, 2022 Amount
Authorised share capital				
Equity shares of ₹ 10 each *	12,00,00,000	12,000.00	12,00,00,000	12,000.00
Preference share of ₹ 100 each	2,20,00,000	22,000.00	2,20,00,000	22,000.00
	14,20,00,000	**34,000.00**	**14,20,00,000**	**34,000.00**

* During the previous year, the Company has re-classed its Authorised share capital from Equity share capital of INR 4,500 Lakhs to Preference share of ₹ 100 each

ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

Issued, subscribed and fully paid up shares

	March 31, 2023		March 31, 2022	
Particulars	**Number of shares**	**Amount**	**Number of shares**	**Amount**
Equity shares of ₹ 10 each	12,00,00,000	12,000.00	12,00,00,000	12,000.00
9% Cumulative, non convertible, redeemable Preference share of ₹ 100	1,60,00,000	16,000.00	30,00,000	3,000.00
Less: Disclosed under Long term borrowing (refer note no. 13)	–	(16,000.00)	–	(3,000.00)
	–	**12,000.00**	–	**12,000.00**

a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	March 31, 2023		March 31, 2022	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Equity shares				
At the beginning of the year	12,00,00,000	12,000.00	5,00,00,000	5,000.00
Issued during the year	–	–	7,00,00,000	7,000.00
Outstanding at the end of the year	**12,00,00,000**	**12,000.00**	**12,00,00,000**	**12,000.00**
Preference shares				
At the beginning of the year	30,00,000	3,000.00	–	–
Issued during the year	1,30,00,000	13,000.00	30,00,000	3,000.00
Outstanding at the end of the year	**1,60,00,000**	**16,000.00**	**30,00,000**	**3,000.00**

b) Rights, preferences and restrictions attached to shares
Equity shares

The equity shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

9% Cumulative, non convertible, redeemable Preference share

The Preference shares of the Company, is entitled to dividend at the rate of 9% p.a. payable cumulatively. The Preference shares are redeemable at par within 7 years from the date of subscription of shares. The Company can exercise the call option at any time. The Preference shares shall not be converted into equity shares. The Preference shares are non-participating in nature and the voting rights shall be in accordance with Section 47 of the Act. In the event of winding up, the Preference shares shall be entitled to rank, as regards repayment of capital, in priority to the equity share.

c) Details of shares held by Holding Company

Out of shares issued by the Company, shares held by its Holding Company are as below:

	March 31, 2023 Amount	March 31, 2022 Amount
ITC Limited, Holding Company		
120,000,000 (March 31, 2022: 120,000,000) Equity shares of ₹ 10/- each fully paid	12,000.00	12,000.00
16,000,000 (March 31, 2022: 3,000,000) Preference shares of ₹ 100/- each fully paid	16,000.00	3,000.00

d) Details of shareholders holding more than 5% shares in the company

	March 31, 2023		March 31, 2022	
Name of the shareholder	**Number of shares**	**% holding**	**Number of shares**	**% holding**
ITC Limited, Holding Company				
Equity shares of ₹ 10 each fully paid	12,00,00,000	100.00%	12,00,00,000	100.00%
9% Cumulative, non convertible, redeemable Preference share of ₹ 100 each	1,60,00,000	100.00%	30,00,000	100.00%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership.

e) Details of promoter shareholding in the company

	March 31, 2023		March 31, 2022	
Name of the shareholder	**Number of shares**	**% holding**	**Number of shares**	**% holding**
ITC Limited, Holding Company				
Equity shares of ₹ 10 each fully paid	12,00,00,000	100.00%	12,00,00,000	100.00%
9% Cumulative, non convertible, redeemable Preference share of ₹ 100 each	1,60,00,000	100.00%	30,00,000	100.00%

11. Other equity

Particulars	**March 31, 2023**	**March 31, 2022**
Retained earnings		
Balance, at the beginning of the year	(255.10)	(126.46)
Add: Loss for the year	(168.23)	(128.64)
Total Other comprehensive income for the year	–	–
Balance at the end of the year	**(423.33)**	**(255.10)**

12. Trade Payables

Particulars	**March 31, 2023**	**March 31, 2022**
- Total outstanding dues to micro enterprises and small enterprises	13.40	–
- Total outstanding dues to creditors other than micro enterprises and small enterprises	57.54	8.11
	70.94	**8.11**

ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

Aging schedule as at March 31, 2023

Particulars	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	13.40	–	–	–	–	13.40
(ii) Others	–	57.54	–	–	–	57.54
(iii) Disputed dues - MSME	–	–	–	–	–	–
(iv) Disputed dues - Others	–	–	–	–	–	–
Total	**13.40**	**57.54**	–	–	–	**70.94**

Aging schedule as at March 31, 2022

Particulars	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	–	–	–	–	–	–
(ii) Others	–	8.11	–	–	–	8.11
(iii) Disputed dues - MSME	–	–	–	–	–	–
(iv) Disputed dues - Others	–	–	–	–	–	–
Total	–	**8.11**	–	–	–	**8.11**

Micro, Small and Medium enterprises ("MSME")

Particulars	As at March 31, 2023	As at March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	13.40	–
Interest due on above	–	–
	13.40	–
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting year	–	–
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	–	–

13. Other financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Long term		
9% Cumulative, non convertible, redeemable Preference share of Rs. 100 each (refer note no. 10)	**16,000.00**	3,000.00
	16,000.00	**3,000.00**
Short term		
Loan from Financial institutions	**1,250.00**	–
	1,250.00	–

The '9% Cumulative, non convertible, redeemable Preference share of Rs. 100 each' have been considered as borrowing in view of the presentation requirement under Ind AS 32 on Financial Instruments - Presentation

Terms of borrowing

1. The unsecured loan will be for a period not exceeding two years from the date of first disbursement of the loan, but no later than 31st March, 2025. The Company may from time to time, repay the loan, in part or in full, and may again borrow depending on your cashflow requirements, provided that the total amount of loan outstanding at any point of time shall not exceed ₹ 45 crores.
2. The loan will be disbursed in tranches based on request received for each such disbursement.
3. Interest will be payable on the aforesaid loan @ 8.00% per annum.
4. Such interest will be payable quarterly (within 7 days from end of calendar quarter) and will be calculated by multiplying the outstanding loan amount at the end of each day with the said interest rate on '365 days a year' basis.

14. Other financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Payable to holding company (Refer note 24)	7.92	3.52
	7.92	3.52
Current		
Employee related payables	118.96	64.07
Payable to capital creditors	2,425.92	2,364.40
Other payables	–	1.50
Payable to holding company (Refer note 24)	129.57	141.57
Provision for preference dividend	997.89	17.01
	3,672.34	**2,588.55**

ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

Breakup of Financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
at Amortised cost		
Employee related payables	118.96	64.07
9% Cumulative, non convertible, redeemable Preference share of Rs. 100 each	16,000.00	3,000.00
Loan from Financial institutions	1,250.00	–
Payable to capital creditors	2,425.92	2,364.40
Trade Payables	70.94	8.11
Other payables	–	1.50
Payable to holding company	137.49	145.09
Provision for preference dividend	997.89	17.01
	21,001.20	**5,600.18**

15. Other current liabilities

	As at March 31, 2023	As at March 31, 2022
Current		
Statutory Liabilities	81.06	63.60
	81.06	63.60

16. Provisions

	As at March 31, 2023	As at March 31, 2022
Provision for Employee Benefits		
- Gratuity	3.51	0.70
	3.51	**0.70**

17. Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Gain arising on financial assets mandatorily measured at Fair value through profit and loss	1.21	42.94
Interest income	**0.08**	–
	1.29	**42.94**

18. Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rates and taxes	3.08	125.69
Maintenance and upkeep	18.54	1.61
Warehousing charges	26.93	2.07
Legal, Professional and Consultancy Expenses	10.50	1.80
Insurance	8.60	1.04
Bank Charges	0.26	0.22
Information technology services	1.95	0.20
Rent on building	0.58	0.58
Travelling and conveyance	1.71	–
Advertising/ Sales Promotion	1.32	–
Printing and stationery	–	0.84
Auditors' remuneration		
- Statutory audit fees	6.00	1.00
- Tax audit	1.00	0.50
- certification charges	0.50	0.20
Miscellaneous expenses	27.68	1.70
	108.65	**137.45**

19. Employee benefit expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages (including salaries of deputation from Holding Company)	24.64	20.76
	24.64	**20.76**

20. Finance Cost

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on Loan	7.40	–
	7.40	–

ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

21. Tax expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Current tax	–	–
B. Deferred tax	(11.89)	(0.05)
	(11.89)	**(0.05)**

Reconciliation for effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Loss before tax	(180.12)	(128.69)
Income Tax expense calculated @ 17.16%	(30.91)	(22.08)
Effect of Expenses not allowed	16.93	21.50
Others	1.96	0.53
Income Tax recognised in profit or loss	**(12.02)**	**(0.05)**

22. Earnings per share (EPS)

The following reflects the profit and share data used in the basic EPS computations:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Loss after tax	(168.23)	(128.64)
Weighted average number of equity shares of Rs. 10 each outstanding during the year	12,00,00,000	8,33,34,247
Earning per share - Basic and Diluted (Rs.)	**(0.14)**	**(0.15)**

23. Capital commitments

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	336.80	12,202.25
	336.80	**12,202.25**

24. Related party disclosures

Names of related parties and description of relationship:

(a)	Holding Company	ITC Limited
(b)	Enterprises under common control	Russell Credit Limited International Travel House Limited ITC Infotech India Ltd.
(c)	Key Management Personnel	Mr. Sivakumar Surampudi - Chairman & Non - Executive Director Mr. Sanjiv Rangrass - Non-Executive Director (till June 03, 2022) Ms. Nidhi Bajaj - Non-Executive Director Mr. Ashit Kumar - Non-Executive Director Mr. Hebbale Narasimhaiah Ramaprasad - Non-Executive Director Mr. Kurakula Nageswara Rao - Non Executive Director (from July 21, 2022) Mr. S. Sunil Nair - Whole Time Director (from October 15, 2022) Mr. S. Sunil Nair - Manager (from May 05, 2021 to October 14, 2022) Mr. Debanjan Sarkar - Company Secretary (from January 20, 2022) Mr. Shubhradip Bose - Company Secretary (from May 05, 2021 to December 14, 2021) Ms. Bushra - Chief Financial Officer (from May 05, 2021 to May 09, 2022) Mr. Venkateswarlu Tangutuni- Chief Financial Officer (from July 16, 2022 to March 25, 2023)

Particulars	For the year ended March 31, 2023	For the year ended March 31,2022
a) **Holding Company**		
ITC Limited		
Allotment of equity shares	–	7,000.00
Allotment of preference shares	13,000.00	3,000.00
Purchase of products	143.18	–
Lease rental expense	62.92	58.59
Remuneration of managers on deputation reimbursed	267.46	277.87
Purchase of assets	–	–
Purchase of Services	530.93	498.13
Expenses reimbursed	–	29.52
Enterprises under common control		
Russell Credit Limited		
Loan Taken	1,250.00	–
Interest on Loan paid	7.40	–
Loan Repaid		
International Travel House		
Purchase of Services	7.29	
ITC Infotech India Ltd.		
Purchase of Services	56.46	
Key Management Personnel		
Salaries	167.31	102.32

c) **Disclosure of outstanding balances:**	As at March 31, 2023	As at March 31, 2022
Others payables - ITC Limited	137.49	150.05

Significant terms & conditions:

All the transactions with related parties are in ordinary course of business and on arm's length basis. The amount outstanding is unsecured and will be settled in cash.

ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

25. Financial instruments and related disclosures

a. Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return of the stakeholders through optimum fund utilization The capital structure of the Company comprises of equity and preference share capital as detailed out in note 10. The Company's objective when managing capital is to maintain an optimal structure so as to maximise shareholder value. The Company is not exposed to any externally imposed capital restriction. Refer to note number 29 for the Company's Debt Equity Ratio.

b. Categories of Financial Instrument

Particulars	As at March 31, 2023	As at March 31, 2022
A. Financial Assets		
a) Measured at fair value through profit and loss (FVTPL)		
Investments in Mutual Funds	1,076.35	904.96
b) Measured at amortised cost		
Cash and cash equivalents	170.14	10.04
Other Financial Assets	6.09	3.49
B. Financial Liabilities		
Measured at amortised cost		
Other Financial Liabilities	3,680.26	2,592.07
Lease Liabilities	837.98	814.29
Long term borrowings	16,000.00	3,000.00
Short term borrowings	1,250.00	-
Trade payables	70.94	8.11

c. Financial Risk Management Objectives

The Company's exposure to financial risks such as market risk, foreign currency risk, liquidity risk and credit risk is limited. The Company has designed its Risk Management System in line with the nature and scale of its operations to address risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

i) Market risk

The Company is not an active investor in Equity market. The Company's investments are predominantly held in debt mutual funds. The Company invest in mutual fund schemes of leading fund houses. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested such price risk are not significant.

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As majority of the financial assets and liabilities of the Company are either short term or fixed interest-bearing instruments, the Company's net exposure to interest risk is negligible.

iii) Foreign currency risk

The Company has not undertaken any transactions during the period in any currency other than the Company's functional currency.

iv) Liquidity risk

The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

Particulars	Other Financial Liabilities	Lease Liability	Total
Carrying Value	**3,680.26**	**837.98**	**4,518.24**
Less than 3 months	2,646.22	-	2,646.22
More than 3 months up to 6 months	36.15	-	36.15
More than 6 months up to 1 year	-	-	-
More than 1 year	997.89	837.98	1,835.87
Total	**3,680.26**	**837.98**	**4,518.24**

* The table has been drawn up based on the earliest date on which the Company can be required to pay.

v) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company.

There is no significant credit risk in the year as the Company has not started sales operations.

Investment in mutual funds are made only with mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house.

26. Fair Value Measurement

Fair value hierarchy:

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price including within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

There are no assets or liabilities, the fair value of which has been benchmarked / derived with quoted benchmarks and accordingly, there are no assets / liabilities classified at Level 2.

The following table provides the fair value measurement hierarchy for financial assets measured at fair value:

Financial Asset	Fair Value Hierarchy	Valuation Techniques	Fair Value as at March 31, 2023	Fair Value as at March 31, 2022
Investments in Mutual Funds	Level 1	Net Asset Value as declared by the Fund / quoted prices in active markets	1,076.35	904.96

27. Share Based Payment

The eligible employees deputed from ITC Limited (ITC), covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS: Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of ₹ 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. The options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

ITC ESAR: Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation units (SARs) vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

The cost of stock options granted under ITC ESOS / ESARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

In accordance with Ind AS 102, an amount of ₹ 22.56 lakhs towards ITC ESAR has been recognized as employee benefits expense, forming part of CWIP with corresponding credit to current / non – current financial liabilities, as applicable.

The summary of movement of such options granted by ITC and status of the outstanding options is as under:

Particulars	As at March 31, 2023 No. of Options	As at March 31, 2022 No. of Options
Outstanding at the beginning of the year	9,974	13,908
Add: Granted during the year	800	600
Less: Lapsed during the year	3,127	4,534
Add / (Less): Movement due to transfer of employees within the group.	2,475	-
Options Exercised during the year	(1,750)	-
Outstanding at the end of the year	8,372	9,974
Options exercisable at the end of the year	7,152	9,374
Options Vested and Exercisable during the year	180	-

28. Use of Estimates and Judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

29. Ratio analysis and its element

Ratio

Particulars	Reasons for variance of more than 25% in above ratios	March 31, 2023	March 31, 2022	% Change
Current ratio	Immaterial Variance	1.22	1.21	1.14%
Debt- Equity Ratio	During the year, the Company has leveraged its capital structure by issuing 9% Cumulative, non convertible, redeemable Preference share of Rs. 100 each.	149%	26%	483.36%
Return on Investment	The Company has invested the temporary fund received during the previous year resulting onetime increase in return on investments.	10%	5%	95.20%

Element of Ratio

Ratio	Period	Numerator		Denominator	
Current Ratio	March 31, 2023	Current Assets	6,193.54	Current Liabilities	5,074.34
	March 31, 2022		3,210.33		2,660.26
Debt- Equity Ratio	March 31, 2023	Debt (borrowings)	17,250.00	Total Equity	11,576.67
	March 31, 2022		3,000.00		11,744.90
Return on Investment	March 31, 2023	Gain arising on financial assets mandatorily measured at FVTPL	105.12	Current Investment	1,076.35
	March 31, 2022		45.28		904.96

ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

The Company is yet to commence its commercial operation and hence it believes that the below mentioned ratios are not applicable to the Company

Debt Service Coverage ratio

Return on Equity ratio

Inventory Turnover ratio

Trade Receivable Turnover Ratio

Trade Payable Turnover Ratio

Net Capital Turnover Ratio

Net Profit ratio

Return on Capital Employed

30. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses. The Company does not have any unhedged foreign currency exposure as at March 31, 2023 and March 31, 2022.

31. Other Statutory Information

i. The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

ii. The Company do not have any transactions with companies struck off.

iii. The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

iv. The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

v. The Company have not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

vi. The Company have not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

vii. The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

viii. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

ix. The Company has not declared/paid any dividend during the year.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

Atin Bhargava
Partner
Membership No.: 504777
Place : Hyderabad
Date : April 25, 2023

For and on behalf of the Board of Directors of
ITC IndiVision Limited
CIN: U16007WB2020PLC237915

S. Sivakumar
Chairman
DIN No.: 00341392
Place: Hyderabad
Date : April 25, 2023

Ashit Kumar
Director
DIN No.: 08786753
Place: Guntur
Date : April 25, 2023

Debanjan Sarkar
Company Secretary
M. No.: A31527
Place: Kolkata
Date : April 25, 2023

ANNUAL REPORT OF WELCOMHOTELS LANKA (PRIVATE) LIMITED FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

The Board of Directors of WelcomHotels Lanka (Private) Limited hereby submit their eleventh Annual Report for the financial year ended 31st March, 2023.

Business Environment

During the year, the overall business environment in Sri Lanka was severely impacted on account of the challenging socio-political and macro-economic conditions prevalent in the country. The Government of Sri Lanka has undertaken several steps to stabilise the situation including successfully securing a 48-month Extended Fund Facility from the International Monetary Fund of approximately US$ 2.9 billion to support Sri Lanka's economic policies and reforms. Parallelly, the country is in the process of finalising restructuring of its external debt obligations. The Company continues to closely monitor the evolving situation.

Nature of Business

The Company is engaged in constructing a mixed use development project ('Project') on 5.86 acres of prime sea-facing land in Colombo, including a luxury hotel and a super-premium residential apartment complex - 'Sapphire Residences'. The Project has been accorded the status of a 'Strategic Development Project' entitling the company to various fiscal benefits in Sri Lanka. Further, the Project is also exempt from Sri Lankan foreign exchange regulations.

The project construction activities, which had ramped up post the pandemic, were also impacted during the year on account of the challenging operating conditions prevalent in the country. Despite these challenges, the Company took all steps to expedite project work; significant progress was made during the year in the façade, finishes, mechanical, electrical, and plumbing works.

The muted business environment and macro-economic challenges faced by the country have, inter alia, impacted the sales velocity of 'The Sapphire Residences' luxury apartments. Given its unique positioning in the market and superior value proposition, it is anticipated that apartment sales would gain traction as the project nears completion and the situation in the country normalises.

Financial Statements

The Financial Statements, including the Auditor's Report thereon, for the year ended 31st March 2023, are attached to this Report.

Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are stated in the Financial Statements.

Entries made in the Interests Register

The Directors had no interest in any contract with the Company during the year ended 31st March, 2023.

Remuneration of Directors

No remuneration was paid nor any benefits extended to the Non-Executive Directors by the Company during the year ended 31st March 2023.

Mr. S. K. George, Managing Director of the Company was entitled to remuneration, as recommended by the Board of Directors, subject to the approval of the shareholders.

Donations

The Company has not made any donation during the year ended 31st March, 2023.

Directors

There has been no change in the Board of Directors of the Company during the year.

The Directors of the Company, as at 31st March, 2023, were as follows:

Mr. Nakul Anand	Chairman & Non-Executive Director
Mr. Supratim Dutta	Non-Executive Director
Mr. Vidyaprakash P Menon	Non-Executive Director
Mr. Rajendra K Singhi	Non-Executive Director
Ms. Roopa Y Vikram	Non-Executive Director
Mr. Subi K George	Managing Director

Audit Fees

The Audit Fees of the Company's Auditors, Messrs. SJMS Associates, Chartered Accountants, 11, Castle Lane, Colombo 4, Sri Lanka, for Statutory Audit of the Accounts of the Company for the year 2022-23 is set out in Note 4 to the Financial Statements. The Auditors do not have any other relationship with the Company.

The Auditors were not engaged for rendering any other services to the Company and accordingly there were no other fees paid or payable to them.

Subi K George
Managing Director

Nakul Anand
Chairman

Corporate Services (Private) Limited
Secretaries
On this 28th day of April, 2023

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WELCOMHOTELS LANKA (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of WelcomHotels Lanka (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2023, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 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 2023, and of its financial performance and its cash flows for the year ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Management is responsible for the other information. Other information is the financial and non-financial information other than financial statements and the auditor's report thereon, included in an entity's annual report. Management is responsible for the other information. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs), and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are 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 Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism 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 management.
- Conclude on the appropriateness of management's 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 fair presentation.

We communicate with those charged with governance 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 identified during our audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

SJMS ASSOCIATES
Chartered Accountants
Colombo
28 April 2023

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2023

	Note	2022/23 LKR	2022/23 INR	2021/22 LKR	2021/22 INR
Revenue		–	–	–	–
Cost of sales		–	–	–	–
Gross profit		–	–	–	–
Other income	3	351,743,957	88,506,979	413,355,709	128,136,136
Administrative expenses	4	(9,606,072)	(2,417,112)	(10,434,463)	(3,234,579)
Marketing expenses		(28,018,240)	(7,050,042)	(23,338,991)	(7,234,854)
Pre operating profit/ (loss) before tax	5	314,119,645	79,039,825	379,582,255	117,666,703
Taxation	6	–	–	–	–
Pre operating profit / (loss) for the year		314,119,645	79,039,825	379,582,255	117,666,703
Other comprehensive income					
Other comprehensive income		–	–	–	–
Total comprehensive income/ (loss) for the year		314,119,645	79,039,825	379,582,255	117,666,703
Earnings / (loss) per share	7	1.36	0.34	2.72	0.84

The accounting policies and notes from 1 to 22 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2023

	Note	2022/23 LKR	2022/23 INR	2021/22 LKR	2021/22 INR
Assets					
Non Current Assets					
Property, plant and equipment	8	31,644,419	7,903,510	35,164,503	8,913,851
Capital work-in-progress	9	40,760,331,426	10,180,300,377	25,225,628,148	6,394,444,480
Right of use asset	10	8,291,130,731	2,070,792,811	8,385,189,993	2,125,561,811
Non current prepayments	11	2,437,834,748	608,873,607	427,182,056	108,286,380
		51,520,941,324	**12,867,870,305**	**34,073,164,700**	**8,637,206,523**
Current Assets					
Inventories	12	27,772,060,751	6,936,349,893	19,452,170,188	4,930,930,621
Current prepayments	13	168,465,825	42,076,024	139,486,443	35,358,419
Cash and bank balances	14	2,647,251,630	661,177,568	326,415,013	82,742,942
		30,587,778,206	**7,639,603,485**	**19,918,071,644**	**5,049,031,980**
Total Assets		**82,108,719,530**	**20,507,473,790**	**53,991,236,344**	**13,686,238,503**
Equity and Liabilities					
Capital and Reserves					
Stated capital	15	78,363,820,002	27,727,228,077	52,243,250,002	21,665,887,237
Retained earnings		261,304,720	(8,089,816,925)	(52,814,928)	(8,436,133,849)
		78,625,124,722	**19,637,411,152**	**52,190,435,074**	**13,229,753,389**
Non Current Liabilities					
Right of use lease liability - Non current		292,751	73,118	292,789	74,219
Advance from customers		3,123,753,033	780,188,558	1,292,925,505	327,743,686
		3,124,045,784	**780,261,676**	**1,293,218,294**	**327,817,905**
Current Liabilities					
Right of use lease liability - Current		37	9	35	9
Other payables	16	359,548,987	89,800,953	507,582,941	128,667,200
		359,549,024	**89,800,962**	**507,582,976**	**128,667,209**
Total Equity and Liabilities		**82,108,719,530**	**20,507,473,790**	**53,991,236,344**	**13,686,238,503**

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Abhijeet Sreenivasan
Financial Controller

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Signed for and on behalf of the Board on 28 April 2023.

Subi Koshy George — Managing Director
Nakul Anand — Chairman

The accounting policies and notes from 1 to 22 form an integral part of these financial statements.
Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

	Stated Capital LKR	Stated Capital INR	Retained Earnings LKR	Retained Earnings INR	Total LKR	Total INR
Balance as at 31st March 2021	43,518,650,002	18,393,448,537	(432,397,180)	(2,602,336,879)	43,086,252,822	15,791,111,658
Shares issued during the period 13.5% Cumulative non convertible preference shares redeemable at the option of the company and dividend payable at the sole option of the company	8,724,600,000	3,272,438,700	–	–	8,724,600,000	3,272,438,700
Pre operating profit for the period	–	–	379,582,255	117,666,703	379,582,255	117,666,703
Foreign Exchange Translation Reserve	–	–	–	(5,951,463,673)	–	(5,951,463,673)
Balance as at 31st March 2022	**52,243,250,002**	**21,665,887,237**	**(52,814,925)**	**(8,436,133,849)**	**52,190,435,077**	**13,229,753,389**
Shares issued during the period	26,120,570,000	6,061,340,840	–	–	26,120,570,000	6,061,340,840
13.5% Cumulative non convertible preference shares redeemable at the option of the company and dividend payable at the sole option of the company						
Pre operating profit for the period	–	–	314,119,645	79,039,825	314,119,645	79,039,825
Foreign Exchange Translation Reserve	–	–	–	267,277,098	–	267,277,098
Balance as at 31st March 2023	**78,363,820,002**	**27,727,228,077**	**261,304,720**	**(8,089,816,925)**	**78,625,124,722**	**19,637,411,152**

The accounting policies and notes from 1 to 22 form an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2023

	Note	**2022/23 LKR**	**2022/23 INR**	2021/22 LKR	2021/22 INR
Cash Flows From Operating Activities					
Profit before tax		314,119,645	79,039,825	379,582,255	117,666,703
Adjustment for:					
Depreciation expenses	4	8,302,364	2,089,068	7,912,428	2,452,774
Operating profit before working capital changes		322,422,009	81,128,893	387,494,683	120,119,477
Adjustment for:					
(Increase) / Decrease in inventory		(8,291,360,727)	(2,070,850,255)	(3,338,806,194)	(846,353,982)
(Increase) / Decrease in pre payments		(2,039,632,073)	(509,418,507)	539,280,508	136,702,216
Increase / (Decrease) in other payables		(148,033,954)	(36,972,960)	464,250,728	117,682,917
Increase / (Decrease) in advance from customers		1,830,827,529	457,267,484	943,391,492	239,140,309
Net cash flow from operating activities		(8,325,777,216)	(2,078,845,345)	(1,004,388,783)	(232,709,063)
Cash Flows From Investing Activities					
Additions to Capital Work in progress	9	(15,469,148,054)	(3,863,574,418)	(7,654,822,183)	(1,940,420,875)
Purchase of property, plant and equipment, etc.	8	(4,782,280)	(1,194,422)	(1,769,714)	(448,605)
Net cash flow used in investing activities		(15,473,930,334)	(3,864,768,840)	(7,656,591,897)	(1,940,869,480)
Cash Flows From Financing Activities					
Lease rental payment		(25,833)	(6,452)	(25,833)	(6,548)
Proceeds from issue of shares	15	26,120,570,000	6,061,340,840	8,724,600,000	3,272,438,700
Net cash flow from financing activities		26,120,544,167	6,061,334,388	8,724,574,167	3,272,432,152
Net increase/(decrease) in cash and cash equivalents		2,320,836,617	117,720,203	63,593,487	1,098,853,609
Cash and cash equivalents at the beginning of the period		326,415,013	82,742,942	262,821,526	96,324,089
Foreign exchange translation gain/ (loss)		–	460,714,424	–	(1,112,434,756)
Cash and cash equivalents at the end of the period	17	**2,647,251,630**	**661,177,568**	326,415,013	82,742,942

The accounting policies and notes from 1 to 22 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

1. Company Information

1.1. Domicile and Legal Form

WelcomHotels Lanka (Private) Limited is a limited liability company incorporated in Sri Lanka on April 23, 2012 under the Companies Act No.07 of 2007.The registered office of the Company is at 216, De Saram Place, Colombo 10.

1.2. Principal activity and nature of operations

WelcomHotels Lanka (Private) Limited is in the business of hospitality trade and currently is engaged in developing a mixed use project comprising hotel, residential condominium, retail space, etc. on a plot of land in Colombo leased from the Board of Investment of Sri Lanka for 99 years.

1.3. Parent Entity

The Company's parent and ultimate parent entity is ITC Limited which is incorporated in India.

1.4. Date of Authorisation for issue

The financial statements of the Company for the year ended 31 March 2023 were authorised for issue by the Board of Directors on 28 April 2023.

2. Summary of Key Accounting Policies

2.1 Statement of Compliance

The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow and Notes together with the Summary of Significant Accounting Policies (being the "Financial Statements") of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKAS) as issued by The Institute of Chartered Accountants of Sri Lanka (ICASL) which is based on International Financial Reporting Standards and International Accounting Standards ("IFRSs" & "IAS"), as issued by the International Accounting Standards Board and in compliance with the companies Act No.7 of 2007.

2.2 Basis of Preparation

The financial statements, presented in Sri Lankan Rupees, have been prepared on a historical cost basis, except where otherwise stated in the accounting policies below.

2.3 Significant Accounting Policies

The accounting policies have been consistently applied by the Company with those of the previous financial year.

2.4 Comparative Information

Previous year's figures and phrases are rearranged, wherever necessary, to conform to the current year's presentation.

2.5 Going Concern

When preparing the financial statements, the Directors have assessed the ability of the Company to continue as a going concern. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company does not foresee a need for liquidation or cessation of business activities taking into account all available information about the future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2.6 Use of Estimates and Judgments

The preparation of the Company's financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Actual results may differ from these estimates.

2.7 Functional and Presentation Currency

These financial statements are being presented in Sri Lankan Rupees which is the Company's functional currency.

2.8 Events after the date of Statement of Financial Position

All material events after the Statement of Financial Position date have been considered and appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

2.9 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on 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 Statement of Comprehensive Income.

2.10 Leased Assets

The entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the entity recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

a. Right of use assets

The company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities and the recognised right of use assets are depreciated on a straight line basis over the lease term. The depreciation charged during the construction period of the mixed development project is recognised under work in progress balances.

b. Lease liability

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

2.11 Taxation

Current Taxes

The provision for income taxes are based on the elements of income and expenditure as reported in the financial statements and computed in accordance with provisions of the Inland Revenue Act, No. 24 of 2017 and amendments thereto. The Company is exempted from income tax for a period of ten years as described in Note 7 to the financial statements.

2.12 Property, Plant and Equipment

2.12.1 Cost

Property, plant and equipment, including owner-occupied property, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses, if any. Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its condition for its intended use.

2.12.2 Depreciation

Depreciation is charged to Statement of Comprehensive Income so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives of the assets of the Company are as follows:

Furniture & fixtures	8 – 10 years
Motor vehicles	8 – 10 years
Plant and equipment	7 – 15 years
Computers	3 years

2.12.3 Work In Progress Balances

All expenses which are directly related to the project are reflected in work-in-progress balances tillthey are ready for their intended use.

2.13 Impairment of assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognised in previous years.

2.14 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average method. The cost of the inventory comprises purchase price, taxes (other than those subsequently recoverable by the company from the tax authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.15 Cash and cash equivalents

Cash and cash equivalents, for the purpose of statement of cash flow, are defined as cash in hand, demand deposits, and short term highly liquid investments which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2.16 Stated capital

Ordinary shares are classified as equity.

Preference shares are classified as equity and are entitled to a dividend determined at the time of issueof the preference shares, the quantum and timing of such pay-out, subject to adequacy of profits, being at the discretion of the issuer. The preference shares are cumulative, non-convertible, and redeemable at the option of the issuer.

Incremental costs directly attributable to the issue of ordinary shares and preference shares are recognised as a deduction from equity, net of any tax effects.

2.17 Financial instruments

Trade and other receivables are initially recognised at the transaction price. All sales are made on the basis of normal credit terms, and the receivables do not bear interest.

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs.

Subsequent to initial measurement, financial liabilities are recognised at amortised cost unless they are a part of a fair value hedge relationship. The difference between the initial carrying amount of the financial liability and their redemption value is recognised in the Statement of Comprehensive Income over the contractual terms using the effective interest rate.

Financial liabilities at amortised cost are further classified as current and non-current depending whether these will fall due within 12 months after the date of statement of financial position or beyond.

Financial liabilities are derecognised when either the Company is discharged from its obligation or they expire, are cancelled or replaced by a new liability with substantially modified terms.

Financial liabilities include trade and other payables and other financial liabilities.

2.18 Provisions, contingent assets, and contingent liabilities

Provisions are made for all obligations existing as at the date of statement of financial position when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed where inflow of economic benefits is probable.

2.19 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of a Qualifying Asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of that asset.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2.20 Statement of cash flows

The statement of cash flow has been prepared using the "indirect method".

2.21 Revenue recognition

2.21.1 Sale of goods and services

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods and services is shown to exclude taxes which are payable in respect of sale of goods and services.

Revenue from the sale of goods and services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the periods in which such services are rendered.

Realisations from customers prior to transfer of title of apartments are accordingly treated as advances received.

2.21.2 Contract balances

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the entity transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the company completes execution of its performance obligation under the contract. Advance from customers presented in the statement of financial position is considered as contract liabilities and are recognised as revenue upon transfer of control of property to the customer.

Contract assets

The costs directly attributable to customer contracts are recognized as contract assets and reflected under non-current prepayments. Contract assets are amortized on a systematic basis in line with the achievement of the performance obligations.

2.21.3 Interest income

Interest income is recognised using the Effective Interest Rate (EIR) method.

2.21.4 Other income

Other income is recognised on an accrual basis.

2.22 Expenditure recognition

Expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. The remuneration of the Managing Director is recognised upon its determination by the Board of Directors. All expenditure incurred in running the business and in maintaining property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income. Incremental cost incurred in obtaining contracts to sell apartments (i.e. contract costs) are recognised as assets if those costs are explicitly chargeable to the customer. Further such assets are amortised to the profit and loss when related apartments are sold to the customers.

For the purpose of presentation of the Statement of Comprehensive Income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

	2022/23 LKR	2022/23 INR	2021/22 LKR	2021/22 INR
3. Other Income				
Foreign exchange gain	351,743,957	88,506,979	413,355,709	128,136,136
4. Administrative Expenses				
(a) Auditor's remuneration and expenses				
Audit fees*	588,500	148,080	535,000	165,844
Reimbursement of expenses and taxes	110,913	27,908	72,725	22,544
(b) Secretarial remuneration and expenses				
Secretarial fees*	99,000	24,911	90,000	27,899
Reimbursement of expenses and taxes	23,920	6,019	20,840	6,460
(c) Consultancy fees	481,375	121,125	1,803,470	559,058
(d) Depreciation	8,302,364	2,089,068	7,912,428	2,452,774
	9,606,072	2,417,112	10,434,463	3,234,578

*Excluding taxes

5. Pre-operating Profit / (Loss)

The following items have been charged in arriving at the pre-operating profit/ (loss)

	2022/23 LKR	2022/23 INR	2021/22 LKR	2021/22 INR
Auditor's remuneration and expenses	699,413	175,989	607,725	188,389
Secretarial remuneration and expenses	122,920	30,930	110,840	34,359
Consultancy fees	481,375	121,125	1,803,470	559,058

6. Taxation

The Company had entered into a Project Agreement with the Board of Investment of Sri Lanka on 04th May 2012. Thereafter, the mixed use project of the Company has been duly declared a Strategic Development Project under the Strategic Development Projects Act, 2008. By virtue of the same, the provisions of the Inland Revenue Act 2017 relating to the imposition of income tax on the Company on the profit and income from the mixed use project shall not apply for a period of 10 years (tax exemption period). The tax exemption period shall commence from the first year in which the Company makes taxable profits or three years after commencement of commercial operations, whichever falls first. After the expiration of the aforesaid tax exemption period, the profits and income of the Company shall be charged at a concessionary tax rate which shall be the lower of 6% or 50% of the prevailing tax rate for the hotel industry, for a period of 15 years immediately succeeding the last date of the tax exemption period.

7. Earnings Per Share

Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of shares in issue during the year.

	2022/23 LKR	2022/23 INR	2021/22 LKR	2021/22 INR
Amount used as the numerator				
Profit/ (loss) attributable to ordinary shareholders	314,119,645	79,039,825	379,582,255	117,666,703
Amount used as the denominator				
Weighted average no of ordinary shares in issue	230,489,601	230,489,601	139,642,260	139,642,260
Earnings per share	1.36	0.34	2.72	0.84

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Particulars	Gross Block							Depreciation							Net Block			
8. Property, Plant and Equipment	Original Cost as at 01.04.2022 (LKR)	Original Cost as at 01.04.2022 (INR)	Additions during the year (LKR)	Additions during the year (INR)	**Original Cost as at 31.03.2023 (LKR)**	Foreign Currency Translation Reserve Adjustments (INR)	**Original Cost as at 31.03.2023 (INR)**	Accumulated Depreciation as at 01.04.2022 (LKR)	Accumulated Depreciation as at 01.04.2022 (INR)	Depreciation for the year (LKR)	Depreciation for the year (INR)	**Accumulated Depreciation as at 31.03.2023 (LKR)**	Foreign Currency Translation Reserve Adjustments (INR)	**Accumulated Depreciation as at 31.03.2023 (INR)**	Net Block as at 01.04.2022 (LKR)	**Net Block as at 01.04.2022 (INR)**	**Net Block as at 31.03.2023 (LKR)**	**Net Block as at 31.03.2023 (INR)**
Furniture & fixtures	3,923,717	994,623	334,436	84,152	**4,258,153**	(15,259)	**1,063,516**	1,335,402	338,510	477,000	120,024	**1,812,402**	(5,870)	**452,664**	2,588,315	656,113	**2,445,751**	**610,852**
Vehicles	52,350,000	13,270,202	-	-	**52,350,000**	(195,266)	**13,074,936**	22,833,863	5,788,156	6,210,932	1,562,815	**29,044,795**	(96,743)	**7,254,228**	29,516,137	7,482,046	**23,305,205**	**5,820,708**
Plant and equipment	1,437,309	364,343	151,750	38,184	**1,589,059**	(5,644)	**396,883**	237,483	60,200	98,038	24,669	**335,521**	(1,068)	**83,801**	1,199,826	304,143	**1,253,538**	**313,082**
Computers	10,293,889	2,609,398	4,296,094	1,080,997	**14,589,983**	(46,401)	**3,643,995**	8,433,664	2,137,849	1,516,394	381,560	**9,950,058**	(34,283)	**2,485,127**	1,860,225	471,549	**4,639,925**	**1,158,868**
Total	**68,004,915**	**17,238,566**	**4,782,280**	**1,203,333**	**72,787,195**	**(262,570)**	**18,179,330**	**32,840,412**	**8,324,715**	**8,302,364**	**2,089,068**	**41,142,776**	**(137,964)**	**10,275,820**	**35,164,503**	**8,913,851**	**31,644,419**	**7,903,510**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Balance as at 31.03.2023 LKR	Balance as at 31.03.2023 INR	Balance as at 31.03.2022 LKR	Balance as at 31.03.2022 INR
9. Capital Work-in- Progress				
Original cost as at 01.04.2022	25,225,628,148	6,394,444,480	17,505,250,740	6,415,674,397
Additions during the year	15,534,703,278	3,908,893,474	7,720,377,408	2,393,239,793
Foreign currency translation adjustments	–	(123,037,577)	–	(2,414,469,710)
Net cost as at 31.03.2023*	40,760,331,426	10,180,300,377	25,225,628,148	6,394,444,480

(*) Capital work-in- progress as at 31-March-2023 includes during the year interest cost on lease liability of LKR 17,975 INR 4,489 (2021/22-LKR 17,977 INR 4,557) and during the year amortization of ROU asset - LKR 65,537,249 INR 16,368,583 (2021/22- LKR 65,537,249 INR 16,613,037).

	31.03.2023 LKR	31.03.2023 INR	31.03.2022 LKR	31.03.2022 INR
10. Right of Use Asset				
Land				
Recognition on the adoption of SLFRS 16	8,667,625,478	2,164,826,139	8,667,625,478	2,197,156,382
Less: Amortization till date	376,494,747	94,033,328	282,435,485	71,594,571
	8,291,130,731	2,070,792,811	8,385,189,993	2,125,561,811

	31.03.2023 LKR	31.03.2023 INR	31.03.2022 LKR	31.03.2022 INR
11. Non Current Prepayments				
Security deposit	24,329,034	6,076,420	25,763,850	6,530,878
Capital advances	2,128,726,655	531,670,769	293,452,299	74,387,223
Contract costs	284,779,059	71,126,418	107,965,907	27,368,278
	2,437,834,748	608,873,607	427,182,056	108,286,380
12. Inventories				
Work In Progress*	27,772,060,751	6,936,349,893	19,452,170,188	4,930,930,621

(*) Work-in- progress as at 31st March, 2023 includes during the year interest cost on lease liability of LKR 7,823 INR 1,954 (2021/22-LKR 7,824 INR 1,983) and during the year amortization of ROU asset - LKR 28,522,014 INR 7,123,658 (2021/22-LKR 28,522,014 INR 7,230,045).

	31.03.2023 LKR	31.03.2023 INR	31.03.2022 LKR	31.03.2022 INR
13. Current Prepayments				
Security deposit	8,517,330	2,127,288	4,416,270	1,119,480
Other advances	159,948,495	39,948,736	135,070,173	34,238,938
	168,465,825	42,076,024	139,486,443	35,358,419
14. Cash and Bank balances				
Cash at bank	2,646,494,532	660,988,475	325,629,558	82,543,837
Cash in hand	757,098	189,093	785,455	199,105
	2,647,251,630	661,177,568	326,415,013	82,742,942

	31.03.2023 No. of Shares	31.03.2023 Amount LKR	31.03.2023 Amount INR	31.03.2022 No. of Shares	31.03.2022 Amount LKR	31.03.2022 Amount INR
15. Stated Capital						
Equity capital						
Opening balance	139,642,260	13,905,916,002	6,391,674,861	139,642,260	13,905,916,002	6,391,674,861
Issued during the year	261,205,700	26,120,570,000	6,061,340,840	–	–	–
Closing balance	400,847,960	40,026,486,002	12,453,015,701	139,642,260	13,905,916,002	6,391,674,861
Preference shares						
Opening balance	383,373,340	38,337,334,000	15,274,212,376	296,127,340	29,612,734,000	12,001,773,676
Issued during the year	–	–	–	87,246,000	8,724,600,000	3,272,438,700
Closing balance	383,373,340	38,337,334,000	15,274,212,376	383,373,340	38,337,334,000	15,274,212,376
Total Stated Capital	784,221,300	78,363,820,002	27,727,228,077	523,015,600	52,243,250,002	21,665,887,237

The preference shares are entitled to a dividend of 13.5% and are cumulative, non-convertible, and redeemable at the option of the issuer and dividend payable at the sole option of the company.

	31.03.2023 LKR	31.03.2023 INR	31.03.2022 LKR	31.03.2022 INR
16. Other Payables				
Auditor's remuneration and expenses	690,000	172,334	601,875	152,569
Retention - Contractor	2,272,623	567,610	2,272,623	576,087
Other payables*	356,586,364	89,061,009	504,708,443	127,938,543
	359,548,987	89,800,953	507,582,941	128,667,200

* Includes payables to related parties LKR 13,087,737 INR 2,872,280 (2021/22 LKR 11,990,538 INR 3,175,688) (refer note 20).

17. Notes to the Cash Flow Statement

Cash and Cash Equivalents at the End of the Year

	31.03.2023 LKR	31.03.2023 INR	31.03.2022 LKR	31.03.2022 INR
Cash at bank	2,646,494,532	660,988,475	325,629,558	82,543,837
Cash in hand	757,098	189,093	785,455	199,105
	2,647,251,630	661,177,568	326,415,013	82,742,942

18. Contingencies and Commitments

Capital Commitments pending as at Balance Sheet date - LKR 26,495,158,699 INR 6,617,430,837 (2021/22 LKR 40,932,103,187 INR 10,375,878,837)

Above capital commitments include LKR 41,052,323 INR 10,253,228 (2021/22 LKR 27,371,156 INR 7,029,571) in favour of ITC Limited. There were no significant contingent liabilities as at the date of statement of financial position other than those disclosed above.

19. Events after the date of Statement of Financial Position

There were no significant events occurring after the date of statement of financial position.

20. Related Party Transactions

20.1 The Company had the following transactions with its related parties during the financial year.

Related Party	Nature of Relationship	Nature of Transaction	Transaction Value (LKR)	Transaction Value (INR)	Outstanding Balance as at the date of Statement of Financial Position (LKR)	Outstanding Balance as at the date of Statement of Financial Position (INR)
ITC Ltd	Parent Company	Purchase of goods and Services	79,833 (428,394)	20,492 (121,213)	– (223,778)	– (59,994)
ITC Ltd	Parent Company	Technical Service fee	21,109,559 (13,324,281)	4,846,402 (4,442,531)	4,866,208 (4,371,316)	1,222,976 (1,127,413)
ITC Ltd	Parent Company	Reimbursement of Expenses #	22,884,351 (16,975,453)	4,698,728 (5,548,339)	8,221,529 (7,395,444)	1,649,304 (1,988,281)

Note: Figures in brackets relate to the previous year

*The amounts are classified as Other Payables except share issue which is classified as stated capital.

- includes compensation costs charged to the Company by the parent company LKR 5,237,056 INR 619,332 (2021/22- LKR 11,591,566 INR 3,683,592) for the employees of the Company who are covered under the share based compensation plans of the parent company. These plans are assessed, managed, and administered by the parent company.

Above related party payables are interest free and payable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

21. Transactions with the Key Management Personnel of the Company

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors of the Company.

	2022/23	2022/23	2021/22	2021/22
	LKR	INR	LKR	INR
Key Management Personnel Compensation				
Short term employee benefits	**69,418,970**	**17,467,431**	49,484,444	15,339,683

22. Financial risk management objectives

The Company is engaged in the construction of a mixed-use development project in phases consisting of a hotel, residences and other commercial spaces. The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the changes in market prices. Mainly the changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

a) Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial asset fluctuating due to changes in foreign exchange rates. Currently the Company is exposed to foreign currency risk on purchases and cash deposits denominated in currencies other than the functional currency of the Company. The currency giving rise to this risk is primarily US Dollars.

The company as at the reporting date, holds cash deposits at bank denominated in currencies other than the functional/reporting currency. A reasonable possible strengthening or weakening of the US Dollar (USD) against the Sri Lanka Rupee (LKR) as at the reporting date would have affected the measurement of USD denominated bank balances and affected statement of comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant.

	As at 31 March 2023	
	Bank Balances (LKR)	Bank Balances (INR)
USD denominated bank balances	2,618,697,973	(654,046,006)
Impact of 1% increase in USD rate - gain/(loss)	26,186,980	6,540,460
Impact of 1% decrease in USD rate - gain/(loss)	(26,186,980)	(6,540,460)

b) Interest Risk

Interest rate risk mainly arises as a result of the Company having interest sensitive assets and liabilities which are directly impacted by changes in interest rates. Currently the Company does not have any interest sensitive assets or liabilities.

Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. As the company has not yet commenced its operations, the company is not exposed to credit risk from any operating activities (primarily trade receivables). For sale of apartments, monies are collected in advance and hence there is no exposure to any credit risk on this account.

The financial assets of the company, which mainly comprises cash at bank of LKR 2,646,494,532 INR 660,988,474 (2021/22-LKR 325,629,558 INR 82,543,837), is held with globally established highly rated banks. Other financial assets include deposits which are not of significant value.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The parent company has invested LKR 78,363,820,002 INR 27,727,228,077 (2021/22 - LKR 52,243,250,002 INR 21,665,887,237) in the equity and preference capital of the Company to fund the project and is expected to subscribe to further equity or preference shares as may be required by the Company for the smooth execution of the project. The Company closely monitors its fund requirements and has a system in place to seek timely fund infusions from the parent company.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. Your Directors submit their Report for the financial year ended 31st March, 2023.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company recorded an Operating Income of ₹ 6,814.85 lakhs (previous year: ₹ 4,217.59 lakhs) reflecting a growth of 62%. The Other Income of the Company was ₹ 430.88 lakhs (previous year: ₹ 268.08 lakhs). Profit for the year was ₹ 754.58 lakhs (previous year loss: ₹ 162.69 lakhs).

The financial results of your Company, summarised, are as under:

Particulars	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
Profits		
a. Profit / (Loss) Before Tax	933.40	(215.16)
b. Less : Tax Expense		
Current Tax	–	–
Deferred Tax	(178.82)	(52.47)
c. Profit / (Loss) for the year	754.58	(162.69)
d. Other Comprehensive Income	(3.55)	3.34
e. Total Comprehensive Income	751.03	(159.35)
Retained Earnings		
a. At the beginning of the year	5616.55	5,775.90
b. Add : Profit / (Loss) for the year	754.58	(162.69)
c. Add : Other Comprehensive Income	(3.55)	3.34
d. At the end of the year	6367.58	5,616.55

3. **OPERATIONAL PERFORMANCE**

The Company owns 'ITC Kakatiya' – a 188 key luxury hotel located in Hyderabad city, which is operated and marketed by ITC Limited, the holding company. ITC Kakatiya is a LEED® Platinum Certified Hotel under Environmental Building Category from United States Green Building Council and has received several accolades, establishing itself as one of the finest luxury hotel and F& B destination in the city. During the year, the property also received a 'Platinum Plus' We Assure Certification under DNV's My Care Infection Risk Management Programme. 'Dakshin' was adjudged the 'Best South Indian Fine Dining Restaurant' at the Times Food Guide Nightlife Awards 2023 for the 13th consecutive year and 'Gourmet Couch' was adjudged the 'Best Takeaway' at the Times Food Guide Nightlife Awards 2023, for the 3rd consecutive year.

During the year 2022-23, the Company evidenced a strong resurgence in demand, as a result of the relaxation in travel restrictions and increased vaccinations. The strong recovery in demand has driven consistent increases in average room rates, outperforming pre-pandemic average rates. The Company has invested in enhancing digitalised guest experiences. The Company also continued to focus on spend optimisation and cost reduction measures.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

a) **Changes in Directors**

During the year under review, Mr. Kuldeep Bhartee (DIN:08696702) and Mr. Ashwin Moodliar (DIN: 08205036) stepped down as Directors of your Company with effect from close of work on 3rd June, 2022 and 5th January, 2023, respectively. Your Directors place on record their appreciation for the contributions made by Mr. K. Bhartee and Mr. A. Moodliar during their tenure with the Company.

The Board of Directors of the Company ('the Board') at its meetings held on 11th November, 2022 and 15th April, 2023, appointed Mr. Zubin Sarosh Songadwala (DIN: 09774428) and Mr. Arif Musa Patel (DIN: 10051869) as Additional Non-Executive Directors of the Company with effect from the said dates, respectively. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 138 of the Articles of Association of the Company, Mr. Songadwala and Mr. Patel will vacate their offices at the ensuing Annual General Meeting ('AGM') of the Company and are eligible for appointment as Directors of the Company. The Board at its meeting held on 15th April, 2023 also recommended for the approval of the Members, the appointment of Mr. Songadwala and Mr. Patel as Non-Executive Directors of your Company, liable to retire by rotation.

Mr. Songadwala and Mr. Patel, pursuant to Section 152 of the Act, have given their consent(s) to act as Director(s), of your Company, and have also given requisite Notices, pursuant to Section 160 of the Act, proposing their respective appointment(s). Appropriate resolutions seeking approval of the Members to the above are appearing in the Notice convening the ensuing AGM of the Company.

There were no other changes in the composition of the Board of the Company during the year.

Changes in Key Managerial Personnel during the year

During the year, Ms. Anupama Jha resigned as the Company Secretary of your Company with effect from 16th May, 2022. The Board appointed Mr. Abhishek Joshi as the Company Secretary of the Company with effect from 11th November, 2022, in terms of the provisions of Section 203 of the Act; he resigned as the Company Secretary of your Company with effect from 10th February, 2023.

b) **Retirement by Rotation**

In accordance with the provisions of Section 152 of the Act read with Articles 151 and 152 of the Articles of Association of the Company, Messrs. Gunupati Sivakumar Reddy (DIN: 00439812), Ramanapradeep Reddy Nallari (DIN:00096144) and Anil Chadha (DIN: 08073567), Directors, will retire by rotation at the ensuing AGM of the Company, and being eligible, offer themselves for re-appointment. Your Board has recommended their re-appointment.

5. **BOARD COMPOSITION AND MEETINGS**

The present composition of your Board is as follows:

Names of Directors	Designation
Mr. Gunupati Sivakumar Reddy	Chairman & Non-Executive Director
Mr. Nakul Anand	Vice-Chairman & Non-Executive Director
Mr. Bommireddi Narasimhasuresh Reddy	Non-Executive Director
Mr. Ramanapradeep Reddy Nallari	Non-Executive Director
Mr. Gunupati Venkata Pranav Reddy	Non-Executive Director
Mr. Anil Chadha	Non-Executive Director
Mr. Ashish Thakar	Non-Executive Director
Mr. Zubin Sarosh Songadwala	Additional Non-Executive Director
Mr. Arif Musa Patel	Additional Non-Executive Director
Mr. Ashutosh Chhibba	Managing Director

Five meetings of the Board were held during the year ended 31st March, 2023.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i. followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii. selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. prepared the Annual Accounts on a going concern basis; and

v. devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

7. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

8. **PARTICULARS OF EMPLOYEES**

The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure 1** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has constituted an Internal Complaints Committee as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

During the year, no complaint for sexual harassment was received.

9. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Audit Department of ITC Limited, the holding company, as the Internal Auditor of your Company, periodically carries out, at the request of the Company, risk focused audits with the objective of identification of areas where risk management processes could be strengthened.The effectiveness of the Company's risk management systems and policies was reviewed by the Board for the year.

A combination of policies and processes as outlined above adequately addresses the various risks associated with the Company's businesses.

10. INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Board provided guidance on internal controls and also reviewed the internal audit findings and implementation of internal audit recommendations.

During the year under review, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes are undertaken to ensure that such systems are reinforced on an ongoing basis.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2023, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. RELATED PARTY TRANSACTIONS

During the financial year 2022-23, all contracts or arrangements entered into by your Company with its related parties were in the ordinary course of business and on arm's length basis and were in accordance with the provisions of the Act. The details of material related party transactions of the Company in prescribed Form AOC -2 are provided in **Annexure 2** to this Report.

13. DEPOSITS

Your Company has not accepted any deposit from the public / members under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

14. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material order was passed by any regulator / court / tribunal impacting the going concern status of the Company or its future operations.

15. COST RECORDS

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

16. STATUTORY AUDITORS

Messrs. Deloitte Haskins & Sells LLP ('DHS'), Chartered Accountants, were re-appointed as the Statutory Auditors of the Company for a period of five years from the conclusion of the Thirty Seventh AGM till the conclusion of the Forty Second AGM.

Pursuant to Section 142 of the Act, the Board at its meeting held on 15th April, 2023, recommended for the approval of the Members, remuneration of DHS to conduct the statutory audit of the Company for the financial year 2023-24. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the ensuing AGM of the Company.

There is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report on the financial statements of the Company for the year ended 31st March, 2023.

17. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy

The Company continued to make focused energy conservation efforts throughout the year including installation of several energy saving equipment like Auto Tube Condenser Cleaning system, installation of additional cooling tower for chillers, optimisation of laundry hours, waterproofing and fixing reflective tiles on the roof top to reduce the heat load on the top floors, etc.

Routine maintenance was performed to keep all equipment in the most efficient state of operations. To optimise energy consumption, major plant and machinery like elevators, chillers, boilers, ventilation equipment were operated with adaptive control in relation to occupancy and ambient weather conditions.

As a result of the aforesaid measures, considerable saving was achieved in electrical units, PNG and water consumption. The Company continues to make all efforts to keep energy consumption at an optimum level.

The Company incurred a capital expenditure of about Rs. 26 lakhs on installation of various energy conservation equipment.

Technology Absorption

The Company is in the hotels business which is a service industry and no specific knowhow or technology was imported by the Company during the year. The Company has not carried out any activities which can be construed as a research and development activity. However, the Company continues to adopt and use the latest technologies to improve the efficiency and effectiveness of its business operations leading to product improvement, cost reduction, product development or import substitution.

Foreign Exchange Earnings and Outgo

The foreign exchange earnings of your Company during the year aggregated ₹ 1250.21 lakhs (previous year: ₹ 343.89 lakhs), while the foreign exchange outflow aggregated ₹ 86.77 lakhs (previous year: ₹ 132.63 lakhs).

19. ACKNOWLEDGEMENT

Your Directors acknowledge the assistance and support rendered by all the stakeholders and look forward to the future with confidence.

On behalf of the Board

Date: 15th April, 2023	**G. S. Reddy**	**Ashutosh Chhibba**
Place: Hyderabad	**Chairman**	**Managing Director**

Annexure I to the Report of the Board of Directors for the financial year ended 31st March, 2023

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Names of employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
Ashutosh Chhibba*	54	Managing Director	82,53,323/-	33,82,098/-	Diploma in Hotel Management	32	09.03.2019	ITC Limited, General Manager - ITC Mughal Agra
Mandrita Bose*	36	Chief Financial Officer	57,03,434/-	31,08,998/-	A.C.A. M.Com, B. Com.	13	04.03.2021	ITC Limited, Assistant Manager Finance
Paniganti Sanjith Reddy	37	Sales Executive	10,07,444/-	8,57,442/-	Graduate	13	25.10.2021	Marriott Hotel & Convention Centre, Hyderabad, Senior Sales Manager
Srinivas Rao Mortha	56	Kitchen Specialist Group	9,30,910/-	8,05,558/-	Graduate	28	31.07.1995	Marriott Hotel & Convention Centre, Hyderabad, F & B Production Associate
Ammisetti Lakshman Raja	53	Executive	8,16,540/-	726,774/-	Graduate	28	06.06.1995	APSIDC Limited, Executive Secretary
Sambasiva Rao Bhimavarapu	55	Executive	7,73,800/-	5,68,918/-	Matriculate	28	01.10.1995	J.J Associates, Electrical Supervisor
Teja Sundar Raj	56	Executive Secretary	7,57,960/-	6,62,969/-	Graduate	22	11.10.1999	Orbit Technologies Pvt. Limited,Executive Secretary
Kamal Sharma	48	Kitchen Specialist Group	7,15,335/-	6,26,165/-	Non-Matriculate	25	24.11.1997	Belavina Secundrabad, Cook
Balakrishnama Raju Srinivasan	51	Executive	6,49,512/-	5,64,959/-	Matriculate	28	04.12.1995	__
Venkatesh Maradugula	51	Finance MIS Executive	6,38,799/-	5,57,380/-	Graduate	21	13.05.2002	Srinivasa Traders, Accountant

** On deputation from ITC Limited, the Holding Company (ITC).*

Notes:

a. In respect of employees on deputation, gross remuneration disclosed as above is the deputation cost which is borne by the Company.

b. For all other employees, gross remuneration includes salary, variable pay / performance bonus, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term ‘remuneration’ has the meaning assigned to it under the Companies Act, 2013.

c. Net remuneration comprises cash income less income tax, education cess deducted at source and employee’s own contribution to provident fund.

d. Certain employees on deputation from ITC have been granted Stock Options by ITC under its Employee Stock Option Schemes at ‘market price’ [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. Since these Stock Options are not tradeable, no perquisite or benefit is immediately conferred upon the employees by such grant of Options and accordingly the said grants have not been considered as remuneration.

e. All appointments (except deputed employees) are / were contractual in accordance with terms and conditions as per the Company’s rules.

f. The aforesaid employees are neither relative of any Director of the Company nor hold any equity share in the Company.

On behalf of the Board

Date: 15th April, 2023
Place: Hyderabad

G. S. Reddy
Chairman

Ashutosh Chhibba
Managing Director

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2023

FORM AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, holding company ('ITC')	
b)	Nature of contracts / arrangements / transactions	Agreement for operating the Company's hotel under Operating Services Agreement	
c)	Duration of the contracts / arrangements / transactions	Operating Services Agreement (OSA) from 25th October, 2020 to 24th October, 2045	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Payment of Services Fees and other related Fees to ITC in accordance with OSA aggregating ₹ 484.84 lakhs during the year 2022-23	Reimbursement to ITC, expenses pertaining to IT, Marketing, salary of deputed managers, etc. aggregating ₹ 698.87 lakhs during the year 2022-23
e)	Date(s) of approval by the Board, if any	07.10.2020	
f)	Amount paid as advances, if any	–	–

On behalf of the Board

Date: 15th April, 2023
Place: Hyderabad

G. S. Reddy
Chairman

Ashutosh Chhibba
Managing Director

INDEPENDENT AUDITOR'S REPORT
To The Members of Srinivasa Resorts Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Srinivasa Resorts Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilityfor 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 SAs 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 SAs, we exercise professional judgment and maintain professional skepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the IndAS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its Managing Director during the year is in accordance with the provisions of Section 197 of the Act. The remuneration payable to the Managing Director is subject to approval by the members at the ensuing Annual General Meeting of the Company.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv.(a) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (b) The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities.

      (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

      v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

      vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facilityis applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(F.R.N: 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354

UDIN:23209354BGXTBS2670
Place: Secunderabad
Date: April 15, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Srinivasa Resorts Limited ("the Company") as of 31st March, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial control system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2023, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(F.R.N: 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354
UDIN:23209354BGXTBS2670

Place: Secunderabad
Date: April 15, 2023

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and capital work-in-progress.

B. The Company has maintained proper records showing full particulars of intangible assets..

(b) The property, plant and equipment, and capital work-in-progress were physically verified during the year by the Management which, in our opinion, provides for physical verification at reasonable intervals. No material discrepancies were noticed on such verification.

Based on our examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties, disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.

The Company has not revalued any of its property, plant and equipment and intangible assets during the year.

No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with the books of account.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.

(iii) (a) The Company has placed Inter corporate deposits during the year, the details of which are given below.

	Amount (₹ in lakhs)
A. Aggregate amount placed during the year - Others (Inter corporate deposits)	2000
B. Balance outstanding as at Balance Sheet date in respect of above: - Others (Inter corporate deposits)	2000

(b) The Company has not made any investments in, stood guarantee or provided security to any other entity during the year.

The terms and conditions of grant of above mentioned Inter corporate deposits during the year, is in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In respect of the Inter corporate placed by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.

(d) According to information and explanations given to us and based on the audit procedures performed, in respect of Inter corporate deposits placed by the Company, there is no overdue amount remaining outstanding as at the Balance Sheet date.

(e) None of the Inter corporate deposits placed by the Company have fallen due during the year.

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence reporting under clause (iii) (f) of the Order is not applicable.

(iv) The Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the Inter corporate deposits placed. The Company has not made any investments or provided any guarantees or securities.

The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

The maintenance of cost records has not been specified for the activities of the Company by the Central Government under Section 148(1) of the Companies Act, 2013.

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2023 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31st March, 2023 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in Lakhs)	Amount Unpaid (₹ in Lakhs)
VAT Laws	VAT	High Court	2005-06 to 2007-08	34.84	23.89
Finance Act, 1994	Service Tax	Joint commissioner, (Service Tax)	2011-12 to 2014-15	346.64	346.64

The total disputed dues aggregating ₹381.48 lakhsas above has been stayed for recovery by the relevant authorities.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income-tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x) (a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) The Company is not required to have an internal audit system under Section 138 of the Companies Act, 2013 and hence reporting under clause (xiv) of the Order is not applicable.

(xv) In our opinion, during the year, the Company has not entered into any non-cash transactions with any of its directors, directors of its Holding Company or persons connected with such directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) a), (b), (c) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clauses (xvi)(a), (b) and (c) of the Order is not applicable.

(d) The Group does not have any Core Investment Company ('CIC') as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not appliable.

(xvii) The Company has not incurred any cash losses in the financial year covered by our audit but had incurred cash losses amounting to ₹ 57.05 lakhs in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

(xxi) The Company does not have any subsidiaries or associates or joint venture requiring it to prepare consolidated financial statements. Accordingly, reporting under clause 3(xxi) of the Order is not applicable

For Deloitte Haskins & Sells LLP
Chartered Accountants
(F.R.N: 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354
UDIN:23209354BGXTBS2670

Place: Secunderabad
Date: April 15, 2023

Balance Sheet as at 31st March, 2023

	Note		As at 31st March, 2023 (₹ in Lakhs)		As at 31st March, 2022 (₹ in Lakhs)
ASSETS					
Non-current assets					
(a) Property, plant and equipment	3A		**3727.62**		3952.60
(b) Capital work-in-progress	3B		**82.92**		21.78
(c) Intangible assets	3C		**22.92**		8.94
(d) Other financial assets	9		**2058.70**		2.13
(e) Other non-current assets	10		**166.08**		235.54
Total Non-current assets			**6058.24**		4220.99
Current assets					
(a) Inventories	4		**113.24**		111.53
(b) Financial assets					
(i) Investments	5	**4109.42**		3839.59	
(ii) Trade receivables	6	**216.36**		178.54	
(iii) Cash and cash equivalents	7	**103.87**		123.28	
(iv) Bank balances, other than (iii) above	8	**1000.00**		1,650.21	
(v) Others	9	**15.72**	**5445.37**	48.03	5839.65
(c) Other current assets	10		**86.49**		207.43
Total Current assets			**5645.10**		6158.61
Total Assets			**11703.34**		10379.60
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	11	**2400.00**		2400.00	
(b) Other equity		**7174.96**	**9574.96**	6423.93	8823.93
Total Equity			**9574.96**		8823.93
Liabilities					
Non-current liabilities					
(a) Other financial liabilities	12		**14.17**		12.35
(b) Provisions	13		**21.56**		19.38
(c) Deferred tax liabilities (net)	15		**267.99**		90.36
Total Non-current liabilities			**303.72**		122.09
Current liabilities					
(a) Financial liabilities					
(i) Trade payables	25				
- Total outstanding dues to micro enterprises and small enterprises		–		–	
- Total outstanding dues to creditors other than micro enterprises and small enterprises		**1391.06**		1130.17	
(ii) Other financial liabilities	12	**302.69**	**1693.75**	156.65	1286.82
(b) Other current liabilities	14		**124.39**		141.33
(c) Provisions	13		**6.52**		5.43
Total Current liabilities			**1824.66**		1433.58
Total Equity and Liabilities			**11703.34**		10379.60

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place: Secunderabad
Date: April 15, 2023

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman
DIN: 00439812

Ashutosh Chhibba
Managing Director
DIN: 08355922

Mandrita Bose
Chief Financial Officer

Place: Hyderabad
Date: April 15, 2023

Statement of Profit and Loss account for the year ended 31st March, 2023

		Note	For the Year ended 31st March, 2023 (₹ in Lakhs)	For the Year ended 31st March, 2022 (₹ in Lakhs)
I	Revenue from operations	16	**6814.85**	4217.59
II	Other income	17	**430.88**	268.08
III	**Total income (I+II)**		**7245.73**	4485.67
IV	**Expenses**			
	Cost of materials consumed		**811.97**	584.22
	Changes in inventories of stock-in-trade		**0.22**	(0.17)
	Employee benefits expense	18	**1550.66**	1419.86
	Depreciation and amortization expense	19	**334.41**	305.36
	Other expenses	20	**3615.07**	2391.56
	Total expenses (IV)		**6312.33**	4700.83
V	**Profit / (Loss) before tax (III- IV)**		**933.40**	(215.16)
VI	**Tax expense:**			
	Deferred tax	15	**178.82**	(52.47)
VII	**Profit / (Loss) for the year (V - VI)**		**754.58**	(162.69)
	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss:			
	(i) Remeasurements of defined benefit plans		**(4.74)**	4.46
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**1.19**	1.12
VIII	**Other comprehensive income for the year (i - ii)**		**(3.55)**	3.34
IX	**Total comprehensive income / (loss) for the year (VII+VIII)**		**751.03**	(159.35)
X	**Earnings per equity share (Face value of ₹ 10 each)**	21		
	Basic (in ₹)		**3.14**	(0.68)
	Diluted (in ₹)		**3.14**	(0.68)

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached

On behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Gunupati Sivakumar Reddy
Chairman
DIN: 00439812

Ashutosh Chhibba
Managing Director
DIN: 08355922

Mandrita Bose
Chief Financial Officer

Place: Secunderabad
Date: April 15, 2023

Place: Hyderabad
Date: April 15, 2023

Cash Flow Statement for the year ended 31st March, 2023

		For the year ended 31st March, 2023 (₹ in Lakhs)		For the year ended 31st March, 2022 (₹ in Lakhs)	
A.	**Cash flow from operating activities**				
	Net Profit / (Loss) before tax		933.40		(215.16)
	Adjustments for:				
	- Depreciation and amortization expense	334.41		305.36	
	- Interest income	(129.77)		(86.22)	
	- (Gain) / Loss on sale / transfer of property, plant and equipment	43.38		12.24	
	- Provision for doubtful receivables	0.87		–	
	- Liabilities no longer required written back	(38.85)		(41.67)	
	- Net gain arising on investments mandatorily measured at fair value through Profit or Loss	(238.57)		(152.16)	
		(28.53)			37.55
	Operating Profit / (Loss) before working capital changes		904.87		(177.61)
	Adjustments for:				
	- Trade receivables	(38.69)		(86.29)	
	- Inventories	(1.71)		55.11	
	- Other assets	117.67		(28.03)	
	- Trade payables	299.74		274.31	
	- Other payables	71.59		34.01	
			448.60		249.11
	Cash generated from operations		1353.47		71.50
	Income tax paid/ refund (net)		86.76		(31.85)
	Net cash generated from operating activities		1440.23		39.65
B.	**Cash Flow from investing activities**				
	- Purchase of property, plant and equipment	(170.07)		(192.72)	
	- Purchase of current investments	(4381.82)		(525.05)	
	- Sale / redemption of current investments	4350.56		688.80	
	- Redemption / proceeds from bank deposits (original maturity more than 3 months)	1650.21		1575.00	
	- Investment in bank deposits (original maturity more than 3 months)	(1000.00)		(1650.21)	
	- Investment in deposit with financial institution (original maturity more than 12 months)	(2000.00)		–	
	- Interest income	91.48		85.95	
	Net cash used in investing activities		(1459.64)		(18.23)
C.	**Cash Flow from financing activities**		–		–
	Net (decrease) / increase in cash and cash equivalents (A+B+C)		(19.41)		21.42
	Opening Cash and cash equivalents		123.28		101.86
	Closing Cash and cash equivalents		103.87		123.28

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 "Statement of Cash Flow".
2. Cash and Cash Equivalents (Refer Note 7).

	As at March 31, 2023 (₹ in Lakhs)	As at March 31, 2022 (₹ in Lakhs)
– Balances with banks in current accounts	99.57	117.39
– Cash on hand	4.30	5.89
Total	103.87	123.28

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place: Secunderabad
Date: April 15, 2023

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman
DIN: 00439812

Ashutosh Chhibba
Managing Director
DIN: 08355922

Mandrita Bose
Chief Financial Officer

Place: Hyderabad
Date: April 15, 2023

Statement of changes in equity for the year ended 31st March, 2023

A. Equity share capital

(₹ in Lakhs)

	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
For the year ended March 31, 2023	**2400.00**	**–**	**2400.00**
For the year ended March 31, 2022	2400.00	–	2400.00

B. Other equity

	Reserves and surplus			Total
	Capital reserve (Refer note 1)	Retained earnings (Refer note 2)	General reserve (Refer note 3)	
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Balance as at 1st April, 2022	**0.95**	**5616.55**	**806.43**	**6423.93**
Profit for the year	–	754.58	–	754.58
Other comprehensive income [net of tax]	–	(3.55)	–	(3.55)
Total comprehensive income	–	751.03	–	751.03
Balance as at March 31, 2023	**0.95**	**6367.58**	**806.43**	**7174.96**
Balance as at 1st April, 2021	0.95	5775.90	806.43	6583.28
Loss for the year	–	(162.69)	–	(162.69)
Other comprehensive income [net of tax]	–	3.34	–	3.34
Total comprehensive loss	–	(159.35)	–	(159.35)
Balance as at March 31, 2022	**0.95**	**5616.55**	**806.43**	**6423.93**

Notes:

1. Capital reserve represents the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.
2. Retained earnings represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.
3. General reserve is created by an appropriation from one component of equity to another not being an item of Other Comprehensive Income, the same can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 33 are an integral part of the Financial Statements.

In terms of our report attached

On behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Gunupati Sivakumar Reddy
Chairman
DIN: 00439812

Ashutosh Chhibba
Managing Director
DIN: 08355922

Mandrita Bose
Chief Financial Officer

Place: Secunderabad
Date: April 15, 2023

Place: Hyderabad
Date: April 15, 2023

Notes to the Financial Statements

1. **Significant Accounting Policies**

Statement of Compliance

Srinivasa Resorts Limited, a subsidiary of ITC Limited owns the hotel "ITC Kakatiya" at Hyderabad, for which operating services are rendered by ITC Limited. The company is registered under Companies Act, 2013 bearing CIN No. U74999TG1984PLC005192.

Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 –Share-based Payment, leasing transactions that are within the scope of Ind AS 116 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Property, Plant and Equipment– Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

Notes to the Financial Statements (Contd.)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	60 years
Plant and Equipment (Other than Televisions)	15 years
Television	7 years
Furniture and Fixtures	8 years
Vehicles	8 years
Office Equipment	5 years
Computers	3 years
Computer servers and networks	6 years

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

Intangible Assets

Intangible Assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

a. for assets acquired in a business combination, at fair value on the date of acquisition.

b. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

The carrying value of intangible assets includes deemed cost which represents the carrying value of intangible assets recognised as at 1st April, 2015 measured as per the previous GAAP.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and/or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

Foreign Currency Transactions

The presentation currency of the Company is Indian Rupees.

The Company accounts for transactions in foreign currency at the exchange rate prevailing on the date of transactions. The date of the transaction for the purpose of determining the exchange rate on initial of recognition of the asset, expense or income is the date on which an entity initially recognizes the related non – monetary asset or non – monetary liability on the payment or receipt of the advance consideration. Gains/Losses arising on settlement of transactions as also on translation of monetary items at period ends due to fluctuations in the exchange rates are recognized in the Statement of Profit and Loss.

Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses is recognised in the Statement of Profit or Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss / inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

Financial instruments, Financial assets and Financial liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets includes investments, trade receivables, advances, security deposits, cash and cash equivalents. Such assets are initially recognized at fair value or transaction price, as applicable when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the cost is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

- amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest
- fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealized gains and losses arising from changes in the fair value being recognized in other comprehensive income.
- fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy and triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealized gains and losses arising from changes in the fair value being recognized in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, advances, security deposits, cash and cash equivalents, etc. are classified for measurement at amortised cost while current investments are classified for measurement at fair value through profit or loss (FVTPL).

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognized if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognized gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

a) amortised cost, the gain or loss is recognized in the Statement of Profit and Loss;

b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit or Loss using effective interest rate method. Dividend income is recognized in the Statement of Profit or Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognized at fair value and are subsequently measured at amortised cost. Any discount or premium or redemption/settlement is recognized in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognized when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Notes to the Financial Statements (Contd.)

Revenue

Revenue is measured at the transaction price that the Company receives or expects to receive as consideration for services rendered, net of returns and discounts to customers. It excludes amounts collected on behalf of third parties, such as goods and services tax.

The methodology and assumptions used to estimate discounts, customer incentives, promotional activities and similar items are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends and projected market conditions.

Revenue from the sale of services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of services, in the periods in which such services are rendered.

Government Grant

The Company may receive Government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of Financial assistance on the basis of certain qualifying criteria.

Government Grants are recognized when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant. Accordingly, government grants:

(a) related to or used for assets, are deducted from the carrying amount of the asset.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

Dividend Distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Employee Benefits

The Company makes contributions to both defined benefit and defined contribution schemes.

Contributions to Provident Fund are in the nature of defined contribution scheme which are deposited with the Government and recognized as expense.

The Company also makes contribution to defined benefit gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of re-measurements are recognised immediately through other comprehensive income in the period in which they occur. Gratuity is funded under a scheme of the Life Insurance Corporation of India.

The employees of the Company are also entitled to compensated leave for which the Company records the liability based on actuarial valuation computed under projected unit credit method. These benefits are unfunded.

Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees deputed to the Company is recognized at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost is recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding credit in current financial liabilities where such reimbursement is sought by the Holding Company.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in in other financial liabilities, where such reimbursement is sought by the Holding Company.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as Lessee

Right – of – Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalized within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted duringthe period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

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

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

Provisions and Contingent Liabilities

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

2. Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions used in the preparation of financial statements are set out below:

(i) The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

(ii) The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Accruals so made are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements

(iii) The Company has significant carry forward unabsorbed depreciation for which deferred tax asset has been recognized since there is a reasonable certainty of significant profits in the near future.

(iv) As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

(v) The Company has considered the possible effects that may arise out of the COVID-19 pandemic on the carrying amounts of property, plant & equipment, intangible assets, investments, inventories, trade receivables, etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements including credit reports and related information, economic forecasts, market value of certain investments etc. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of financial statements.

(₹ in Lakhs)

	Particulars	Gross Block							Depreciation and Amortisation							Net Book Value	
		As at 31st March, 2021	Additions	Withdrawals and Adjustments	As at 31st March, 2022	Additions	Withdrawals and Adjustments	As at 31st March, 2023	Upto 31st March, 2021	For the year	Withdrawals and Adjustments	Upto 31st March, 2022	For the year	Withdrawals and Adjustments	Upto 31st March, 2023	As at 31st March, 2023	As at 31st March, 2022
3A.	**Property, Plant and Equipment**																
	Land	100.00	–	–	100.00	–	–	100.00	–	–	–	–	–	–	–	100.00	100.00
	Buildings	2567.42	–	–	2567.42	4.09	(1.28)	2570.23	316.89	53.26	–	370.15	53.29	(0.12)	423.32	2146.91	2197.27
	Plant and Equipment	2671.06	130.31	42.92	2758.45	82.32	(175.52)	2665.25	1320.31	184.26	(35.39)	1469.18	186.12	(142.20)	1513.10	1152.15	1289.27
	Furnitures and Fixtures	317.45	–	0.47	316.98	30.65	(49.27)	298.36	157.38	23.18	–	180.56	24.45	(38.62)	166.39	131.97	136.42
	Vehicles	194.84	108.64	19.09	284.39	–	–	284.39	124.36	24.29	(16.88)	131.77	32.49	–	164.26	120.13	152.62
	Office Equipment	0.81	–	–	0.81	–	–	0.81	0.20	0.03	–	0.23	0.02	–	0.25	0.56	0.58
	Computers	92.61	10.00	4.06	98.55	6.54	(0.27)	104.82	61.55	10.19	(2.11)	69.63	19.44	(0.25)	88.82	16.00	28.92
	Computer servers and networks	96.60	9.72	0.08	106.24	26.46	35.04	167.74	49.42	9.30	–	58.72	15.83	33.29	107.84	59.90	47.52
	Total (A)	**6040.79**	**258.67**	**(66.62)**	**6232.84**	**150.06**	**(191.30)**	**6191.60**	**2030.11**	**304.51**	**(54.38)**	**2280.24**	**331.64**	(147.90)	**2463.98**	**3727.62**	**3952.60**
3B.	**Capital work-in-progress (B) (refer note 2 below)**	**56.66**	**229.62**	**(264.50)**	**21.78**	**227.93**	**(166.79)**	82.92	–	–	–	–	–	–	–	82.92	**21.78**
3C.	**Intangible assets**																
	Software	28.56	5.83	–	34.39	16.73	0.27	51.39	24.60	0.85	–	25.45	2.77	0.25	28.47	22.92	8.94
	Total (C)	**28.56**	**5.83**	–	**34.39**	**16.73**	**0.27**	**51.39**	**24.60**	**0.85**	–	**25.45**	**2.77**	**0.25**	**28.47**	**22.92**	**8.94**

Note :

1) The amortization expense of intangible assets has been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.
2) Ageing of Capital Work in progress.

As at 31st March 2023	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in Progress	82.92	-	-	-	82.92
Total	**82.92**	-	-	-	**82.92**

As at 31st March 2022	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in Progress	21.78	-	-	-	21.78
Total	**21.78**	-	-	-	**21.78**

Notes to the Financial Statements (Contd.)

	As at 31st March, 2023 (₹ in Lakhs)	As at 31st March, 2022 (₹ in Lakhs)
4. Inventories		
(At lower of cost and net realisable value)		
Food and beverages	76.26	73.51
Stores and spares	36.44	37.26
Finished goods held for resale	0.54	0.76
Total	113.24	111.53

Cost of inventory recognised as expense during the year amount to ₹ 1,076.92 Lakhs (2021-2022 - ₹ 722.80 Lakhs)

	As at 31st March, 2023 (₹ in Lakhs)	As at 31st March, 2022 (₹ in Lakhs)
5. Current investments		
Unquoted investment in mutual funds [Measured at fair value through profit or loss(FVTPL)] (Refer note below)		
- Axis Liquid Fund Direct Growth 18,861.272 units of ₹ 1000 each (March 31, 2022: 16,600.618 units of ₹ 1000 each)	471.70	392.45
- Aditya Birla Sun Life Savings Fund- Growth Direct Plan 2,56,820.511 units of ₹ 100 each (March 31, 2022: 2,56,820.511 units of ₹ 100 each)	1207.72	1143.65
- ICICI Prudential Savings Fund 2,66,231.609 units of ₹ 100 each (March 31, 2022: 2,66,231.609 units of ₹ 100 each)	1217.98	1153.75
- Axis Treasury Advantage Fund- Direct Growth 44,391.142 units of ₹ 1000 each (March 31, 2022: 44,391.142 units of ₹ 1000 each)	1212.02	1149.74
Total	4109.42	3839.59

Note:
Gain as at year end on account of measuring the investments at fair value through profit or loss amounts to ₹ 642.01 Lakhs (March 31, 2022: ₹ 453.45 Lakhs).

	As at 31st March, 2023 (₹ in Lakhs)	As at 31st March, 2022 (₹ in Lakhs)
6. Trade receivables (Current) (refer note 6.1 below)		
Secured, considered good	19.55	11.35
Unsecured, considered good	196.81	167.19
Credit impaired	17.32	24.85
Allowance for credit impairment	(17.32)	(24.85)
Total	216.36	178.54

	As at 31st March, 2023 (₹ in Lakhs)		As at 31st March, 2022 (₹ in Lakhs)	
7. Cash and cash equivalents				
Balances with banks in current accounts	99.57		117.39	
Cash on hand	4.30		5.89	
Total		103.87		123.28
8. Other bank balances				
In deposit accounts (refer note below)	1,000.00		1,650.21	
Total		1,000.00		1,650.21

Note: Represents deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months from the Balance Sheet date.

	Current	Non-Current	Current	Non-Current
9. Other financial assets				
Security deposits	6.15	6.37	13.53	2.13
Interest accrued on deposits	4.21	52.33*	29.44	–
Recoverable from employees	5.36	–	5.06	–
Others*	–	2000.00	–	–
Total	15.72	2058.70	48.03	2.13

*Includes interest bearing deposit with financial institution

	Current	Non-Current	Current	Non-Current
10. Other assets				
Advances :				
Prepaid Expenses	78.25	14.82	73.04	8.71
Balances with government authorities	–	–	4.34	–
Commercial advance	8.24	–	15.35	–
Advance tax (net of provisions)	–	55.35	–	130.92
Security deposits				
- With Statutory authorities	–	29.41	–	29.41
- With others	–	66.50	–	66.50
Service Exports from India Scheme (SEIS)				
Duty Credit Entitlement Account	–	–	114.70	–
Total	86.49	166.08	207.43	235.54

6.1. Ageing of Trade Receivables

As at 31st March 2023	Not Due	Outstanding for following periods from due date					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables - considered good	134.73	57.83	15.25	2.99	0.07	5.49	216.36
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	3.69	3.69
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	13.63	13.63
Sub- total	**134.73**	**57.83**	**15.25**	**2.99**	**0.07**	**22.81**	**233.68**
Less: Allowance for credit impairment							**17.32**
Total	**134.73**	**57.83**	**15.25**	**2.99**	**0.07**	**22.81**	**216.36**

As at 31st March 2022	Not Due	Outstanding for following periods from due date					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables - considered good	126.56	42.92	-	3.07	4.08	1.91	178.54
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	11.22	11.22
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	13.63	13.63
Sub- total	**126.56**	**42.92**	**-**	**3.07**	**4.08**	**26.76**	**203.39**
Less: Allowance for credit impairment							**24.85**
Total	**126.56**	**42.92**	**-**	**3.07**	**4.08**	**26.76**	**178.54**

11. Equity share capital

	As at 31st March, 2023		As at 31st March, 2022	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Authorised Equity shares of ₹ 10 each	2,40,00,000	2400.00	2,40,00,000	2400.00
Issued, subscribed and paid-up Equity shares of ₹ 10 each, fully paid	2,40,00,000	2400.00	2,40,00,000	2400.00

A) Reconciliation of number of equity shares outstanding

	As at 31st March, 2023	As at 31st March, 2022
	No. of Shares	No. of Shares
As at beginning of the year	2,40,00,000	2,40,00,000
Changes during the year	–	–
As at end of the year	2,40,00,000	2,40,00,000

B) Equity shares held by Holding Company

	As at 31st March, 2023		As at 31st March, 2022	
	No. of Shares	%	No. of Shares	%
ITC Limited	1,63,20,477	68%	1,63,20,477	68%

C) Shareholders holding more than 5% of the equity shares in the Company

	As at 31st March, 2023		As at 31st March, 2022	
	No. of Shares	%	No. of Shares	%
ITC Limited	1,63,20,477	68.00%	1,63,20,477	68.00%
Moonshine Advisory Services Private Limited (as Trustees of Isha Ishvar Trust)	21,04,230	8.77%	–	–
G. Sivakumar Reddy	–	–	13,04,230	5.43%
G. Sulochanamma	–	–	15,00,000	6.25%
N. Shailaja Reddy	15,00,000	6.25%	10,00,000	4.17%
B. Bharathi Reddy	15,00,000	6.25%	10,00,000	4.17%
G.V. Pranav Reddy	–	–	8,00,000	3.33%
M.V. Rachita	15,00,000	6.25%	10,00,000	4.17%

D) Rights, preferences and restrictions attached to the equity shares

The equity shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including entitlement to dividend.

E) Shares held by promoters

Particulars	Promoter Name	As at 31st March 2023			As at 31st March 2022		
		No. of shares at the end of the year	% of Total Shares	% change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 10 each fully paid	ITC Limited	1,63,20,477	68.00%	–	1,63,20,477	68.00%	–
	Moonshine Advisory Services Private Limited (as Trustees of Isha Ishvar Trust)	21,04,230	8.77%	100%	–	–	–
	G. Sivakumar Reddy	–	–	(100%)	13,04,230	5.43%	–
	G. Sulochanamma	–	–	(100%)	15,00,000	6.25%	–
	N. Shailaja Reddy	15,00,000	6.25%	50%	10,00,000	4.17%	–
	G. Samyuktha Reddy	6,15,810	2.57%	-	6,15,810	2.57%	–
	B. Bharathi Reddy	15,00,000	6.25%	50%	10,00,000	4.17%	–
	G.V. Pranav Reddy	–	–	(100%)	8,00,000	3.33%	–
	M.V. Rachita	15,00,000	6.25%	50%	10,00,000	4.17%	–
	GSR Projects Private Ltd.	4,59,483	1.91%	–	4,59,483	1.91%	–
Total		**2,40,00,000**	**100.00%**		**2,40,00,000**	**100.00%**	

		As at 31st March, 2023 (₹ in Lakhs)		As at 31st March, 2022 (₹ in Lakhs)	
		Current	Non-Current	Current	Non-Current
12.	**Other financial liabilities**				
	Sundry deposits	**11.90**	**10.43**	12.58	9.75
	Payable to employees	**181.64**	**–**	101.03	–
	Payable for property, plant and equipment	**99.71**	**–**	41.85	–
	Payable towards employee share based payments	**9.44**	**3.74**	1.19	2.60
	Total	**302.69**	**14.17**	156.65	12.35
13.	**Provisions**				
	Provision for employee benefits:				
	– Gratuity (Refer Note 26)	**–**	**–**	–	–
	– Compensated absences	**6.52**	**21.56**	5.43	19.38
	Total	**6.52**	**21.56**	5.43	19.38
14.	**Other current liabilities**				
	Advances received from customers	**77.86**	**–**	120.74	–
	Statutory liabilities	**46.53**	**–**	20.59	–
	Total	**124.39**	**–**	141.33	–

		As at 31st March, 2023 (₹ in Lakhs)		As at 31st March, 2022 (₹ in Lakhs)	
15.	**Deferred tax liabilities (Net)**				
	Deferred tax liabilities	**640.85**		614.69	
	Deferred tax assets	**372.86**		524.33	
	Total		**267.99**		90.36

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
	(₹ in Lakhs)		(₹ in Lakhs)	
2021-22				
Deferred tax liabilities in relation to:				
Depreciation	506.76	(6.19)	–	500.57
Financial assets measured at fair value through profit or loss	77.06	37.06	–	114.12
Total deferred tax liabilities (A)	**583.82**	**30.87**	**–**	**614.69**
Deferred tax assets in relation to:				
Provision for employee benefits	6.83	0.53	(1.12)	6.24
Provision for doubtful debts	7.91	(1.64)	–	6.27
Unabsorbed depreciation and business losses	427.37	84.45	–	511.82
Total deferred tax assets (B)	**442.11**	**83.34**	**(1.12)**	**524.33**
Deferred tax liabilities (net) [A-B]	**141.71**	**(52.47)**	**1.12**	**90.36**
2022-23				
Deferred tax liabilities in relation to:				
Depreciation	500.57	(21.30)	–	479.27
Financial assets measured at fair value through profit or loss	114.12	47.46	–	161.58
Total deferred tax liabilities (A)	**614.69**	**26.16**	**–**	**640.85**
Deferred tax assets in relation to:				
Provision for employee benefits	6.24	(0.37)	1.19	7.06
Provision for doubtful debts	6.27	(1.90)	–	4.37
Unabsorbed depreciation and business losses	511.82	(150.39)	–	361.43
Total deferred tax assets (B)	**524.33**	**(152.66)**	**1.19**	**372.86**
Deferred tax liabilities (net) [A-B]	**90.36**	**178.82**	**(1.19)**	**267.99**

Notes to the Financial Statements (Contd.)

		For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
16.	**Revenue from operations**		
	Sale of services:		
	Rooms	3281.30	1627.50
	Food and beverage	3322.76	2413.33
	Recreation and other services	130.94	97.81
	Total	6735.00	4138.64
	Other operating revenue*	79.85	78.95
	Total	6814.85	4217.59

Note:

* Other operating revenue includes ₹ 38.85 lakhs relating to liabilities no longer required written back (2021-22: ₹ 35.17 lakhs)

		For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
17.	**Other Income**		
	Interest income	129.77	86.22
	Other non operating income	63.19	29.70
	Other gains and losses	237.92	152.16
	Total	430.88	268.08
	Interest income comprises interest from:		
	a) Deposits with bank - carried at amortised cost	114.65	83.87
	b) Others - from statutory authorities	15.12	2.35
	Total	129.77	86.22
	Other gains and losses:		
	a) Net foreign exchange (loss) / gain	(0.65)	–
	b) Net gain arising on financial assets mandatorily measured at FVTPL (Refer Note below)	238.57	152.16
	Total	237.92	152.16

Note:

Includes net gain on sale of current investments amounting to ₹50.01 Lakhs (2021-2022: ₹ 4.91 Lakhs).

		For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
18.	**Employee benefits expense**		
	Salaries, wages and bonus	821.89	714.28
	Contribution to provident and other funds	47.48	45.84
	Gratuity (Refer Note 26)	9.21	13.74
	Remuneration of managers on deputation reimbursed	496.52	488.67
	Employee share based payments	18.04	2.13
	Staff welfare expenses	157.52	155.20
	Total	1550.66	1419.86
19.	**Depreciation and amortisation expense**		
	Depreciation- Tangible Assets	331.64	304.51
	Amortisation on Intangible Assets	2.77	0.85
	Total	334.41	305.36

			For the year ended 31st March, 2023 (₹ in Lakhs)		For the year ended 31st March, 2022 (₹ in Lakhs)
20.	**Other expenses**				
	Consumption of stores and supplies		264.73		199.41
	Power and fuel		737.96		531.20
	Rent		91.90		81.58
	Repairs to building		114.33		39.51
	Repairs to machinery		209.80		157.79
	Repairs - others		73.40		43.31
	Insurance		42.50		32.87
	Rates and taxes		206.48		175.06
	Travelling and conveyance		80.94		53.68
	Technical and consultancy fees		487.36		234.51
	Printing and stationery		16.27		14.74
	Information technology services		163.56		134.47
	Advertising / Sales Promotion		46.55		16.77
	Training and development		55.67		25.71
	Legal expenses		13.91		6.07
	Postage, telephone, etc.		7.44		7.85
	Commission paid to travel agents		154.37		112.81
	Bank and credit card charges		71.85		37.48
	Hotel reservation / marketing expenses		196.25		95.96
	Contract services		392.12		267.16
	Loss on property, plant and equipment sold / discarded		43.38		12.24
	Bad trade receivables written off	8.40		–	
	Less: Provision Released	8.40	–	–	–
	Provision for doubtful trade receivables		0.87		–
	Miscellaneous expenses		131.08		98.99
	Auditors' remuneration and expenses (excluding taxes)				
	Audit Fees		11.00		11.00
	Tax Audit Fees		1.00		1.00
	Reimbursement of expenses		0.35		0.39
	Total		3615.07		2391.56

		31st March, 2023 (₹ in Lakhs)	31st March, 2022 (₹ in Lakhs)
21.	**Earnings per share**		
	Profit / (Loss) after taxation [A]	754.58	(162.69)
	Weighted average number of equity shares outstanding [B] [No's]	2,40,00,000	2,40,00,000
	Earnings per share		
	Basic and Diluted (In ₹) (Face value of ₹ 10 per share) [A/B]	3.14	(0.68)
22.	**Commitments**		
	The estimated amount of contracts remaining to be executed on capital account (net of advances: ₹NIL; March 31, 2022: ₹ NIL)	7.24	34.93
23.	**Contingent liability**		
	Claims against the Company not acknowledged as debts:		
	i) Indirect taxation matters *	381.48	380.48
	ii) Others	18.45	18.45

*including interest on claims, where applicable, estimated to be ₹ 17.29 Lakhs (March 31, 2022 : ₹ 16.29 Lakhs)

24. Segment reporting

The operating segment of the Company has been identified in a manner consistent with the internal reporting provided to the Managing Director, who is the Chief Operating Decision Maker, based on which there is only one operating segment in which the Company operates i.e. Hoteliering and within one geographical segment i.e. India.

		31st March, 2023 (₹ in Lakhs)	31st March, 2022 (₹ in Lakhs)
a)	**Segment Revenue**		
	- Within India	6735.00	4138.64
	- Outside India	–	–
b)	**Non Current Assets**		
	- Within India	6058.24	4220.99
	- Outside India	–	–

c) The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of it's revenues from transactions with any single external customer.

25. A sum of ₹ NIL is payable to Micro and Small Enterprises as at 31st March, 2023 (2022 - ₹ NIL) on account of trade payables. There are no Micro, Small and Medium enterprises, to whom the Company owes dues which are outstanding for more than 45 days during the year and also as at March 31, 2023. This information, as required to be disclosed under the 'Micro, Small and Medium Enterprises Development Act, 2006' has been determined to the extent such parties have been identified on the basis of the information available with the Company.

Ageing of Trade Payables (contd.)

As at 31st March 2023	Not Due	Unbilled Payables	Outstanding for following periods from due date				Total
			Less than 1 Year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-	-
Others	9.12	1276.75	103.41	1.78	-	-	1391.06
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	**9.12**	**1276.75**	**103.41**	**1.78**	**-**	**-**	**1391.06**

As at 31st March 2022	Not Due	Unbilled Payables	Outstanding for following periods from due date				Total
			Less than 1 Year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-	-
Others	95.81	886.88	118.93	3.41	4.42	20.72	1130.17
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	**95.81**	**886.88**	**118.93**	**3.41**	**4.42**	**20.72**	**1130.17**

Notes to the Financial Statements (Contd.)

26. Defined Benefit Plans

The Company makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees. Gratuity Benefits are funded with the Life Insurance Corporation of India . Under the Provident Fund, Gratuity and Leave Encashment Schemes, employees are entitled to receive lump sum benefits.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuary, using the projected unit credit method at the year end. The Company makes regular contributions to these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation. The net Defined Benefit cost is recognised in the Financial Statements.

	For the year ended 31st March, 2023 (₹ in Lakhs) Gratuity Funded	For the year ended 31st March, 2022 (₹ in Lakhs) Gratuity Funded
I. Components of Employer Expense		
A. Recognised in Statement of Profit and Loss		
- Current Service Cost	9.97	14.24
- Net interest Cost	(0.76)	(0.50)
Total expense recognised in the Statement of Profit and Loss (A)	**9.21**	**13.74**
B. Re-measurements recognised in Other Comprehensive Income		
- Return on plan assets (excluding amounts included in net interest cost)	(0.40)	(0.07)
- Effect of changes in financial assumptions	(4.46)	(2.66)
- Effect of changes in demographic assumptions		–
- Effect of experience adjustments	9.60	(1.73)
Total re-measurements included in Other Comprehensive Income (B)	**4.74**	**(4.46)**
Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income (A+B)	**13.95**	**9.28**

The current service cost and net interest cost for the year pertaining to Gratuity expenses have been recognised in "Gratuity" under Note 18. The remeasurement of the net defined benefit liability are included in Other Comprehensive Income.

II. Net Asset/Liability recognised in Balance Sheet		
- Present Value of Defined Benefit Obligation	175.51	159.68
- Fair Value of Plan Assets	175.51	159.68
- Status [Surplus/(Deficit)]	–	–
- Non-Current	–	–
- Current	–	–
III. Change in Defined Benefit Obligation		
Present Value of DBO at the beginning of the year	159.68	151.83
- Current Service cost	9.97	14.24
- Interest cost	10.17	9.14
- Re-measurements gains/ (losses)		
a. Effect of changes in demographic assumptions	–	–
b. Effect of changes in financial assumptions	(4.46)	(2.66)
c. Effect of experience adjustments	9.60	(1.73)
- Benefits paid	(9.45)	(11.14)
Present Value of DBO at the end of the year	**175.51**	159.68
IV. Best Estimate of Employer's Expected Contribution for the next year	35.10	32.09
V. Change in Fair Value of Assets		
Plan Assets at the beginning of the year	159.68	148.74
- Interest Income	10.93	9.64
- Re-measurements gains / (losses) on plan assets	0.40	0.07
- Actual company contributions	13.95	12.37
- Benefits paid	(9.45)	(11.14)
Plan Assets at the end of the year	**175.51**	159.68
VI. Actuarial Assumptions		
- Discount rate	7.50%	6.75%
- Salary increase rate	6%	6%
- Attrition Rate	20%	20%
- Retirement Age	58	58

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

VII. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

	DBO as at 31st March, 2023	DBO as at 31st March, 2022
- Discount rate +100 basis points	166.56	150.14
- Discount rate -100 basis points	178.16	161.05
- Salary Increase Rate +1%	177.48	160.28
- Salary Increase Rate -1%	167.11	150.77
- Attrition Rate +1%	172.50	155.63
- Attrition Rate -1%	171.81	155.17
Maturity analysis of the benefit payments		
- Year 1	38.50	27.42
- Year 2	34.87	24.34
- Year 3	30.04	19.67
- Year 4	26.91	16.68
- Year 5	20.64	12.58
- Next 5 years	59.82	30.15

Notes to the Financial Statements (Contd.)

27. **Related party transactions**

i) Holding Company : ITC Limited

ii) Key Management Personnel :

Board of Directors

G. Sivakumar Reddy	Chairman and Non Executive Director
Nakul Anand	Vice Chairman and Non Executive Director
Ashish Thakar	Non-Executive Director
B.N. Suresh Reddy	Non-Executive Director
Kuldeep Bhartee	Non-Executive Director (resigned w.e.f. 13th April, 2022)
Zubin Songadwala	Non-Executive Director (from 11th November, 2022)
G. Pranav Reddy	Non-Executive Director
Anil Chadha	Non-Executive Director
N.R.Pradeep Reddy	Non-Executive Director
Ashwin Moodliar	Non-Executive Director (resigned w.e.f. 5th January, 2023)
Ashutosh Chhibba	Managing Director
Chief Financial Officer	Ms. Mandrita Bose
Company Secretary	Ms. Anupama Jha (resigned w.e.f. 16th May, 2022) Mr. Abhishek Joshi (from 2nd November, 2022 till 10th February, 2023)

Relatives of Key Management Personnel :

Mrs. G.Sulochanamma	Mother of Mr. G.Sivakumar Reddy, Chairman
Mrs. G.Samyuktha Reddy	Wife of Mr. G.Sivakumar Reddy, Chairman

iii) **Other related party and nature of relationship with whom the Company has transactions:**

International Travel House Limited	Associate of ITC Limited

iv) Summary of transactions during the year: (₹ in Lakhs)

	Holding Company		Others		Key Management Personnel		Relatives of Key Management Personnel	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	**2022**
Sales of services	58.85	39.02	3.62	3.62	-	-	-	-
Purchase of goods	78.08	46.40	-	-	-	-	-	-
Purchase of services:					-	-		
- Hotel services	16.19	3.38	-	-	-	-	-	-
- Service fee	572.11	260.98	-	-	-	-	-	-
- Others	-	-	24.73	18.73	-	-	-	-
Rent paid	-	-	-	-	-	-	11.83	11.76
Employee share based payments	18.04	2.13	-	-	-	-	-	-
Managerial Remuneration (includes reimbursement to holding company amounting to ₹139.57 lakhs ; March 31, 2022: ₹ 110.95 Lakhs)	-	-	-	-	142.65	118.76	-	-
Reimbursement of contractual remuneration:					-	-		
- Others	446.33	465.67	-	-	-	-	-	-
Expenses recovered	46.25	46.42	-	-	-	-	-	-
Expenses reimbursed:					-	-		
- Others	217.42	155.76	-	-	-	-	-	-

v) Outstanding balances arising from sales/purchase of goods and services : (₹ in Lakhs)

	Holding Company		Others		Key Management Personnel		Relatives of Key Management Personnel	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Balance outstanding at the year end :								
- Receivables	**0.49**	1.44	**0.30**	1.21	-	-	-	-
- Deposits taken	-	-	**0.50**	0.50	-	-	-	-
- Payables (Refer note below)	**86.72**	106.64	**1.08**	-	-	-	**2.00**	0.88

Note: Net of TDS amounting to ₹ 54.94 Lakhs (March 31, 2022: ₹ 23.77 Lakhs)

28. Reconciliation of effective tax rate:

	For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
Profit/ (Loss) before income tax expense	**933.40**	**(215.16)**
Income tax calculated @ 25.17%	**234.92**	**(54.15)**
Effect of tax relating to uncertain tax positions	**4.54**	0.54
Benefit of previously unrecognised tax losses	**(60.64)**	1.14
Income tax expense	**178.82**	(52.47)

29. Employee Share Based Compensation:

(i) The eligible employees of ITC Limited (ITC), who are deputed to the Company at its request, are covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

Each option entitles the holder there of to apply for and be allotted ten ordinary shares of ₹ 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. The options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

ITC ESAR:

Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation units (SARs) vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

(ii) The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

The summary of movement of such options granted by ITC Limited and the status of the outstanding options is as under:

Particulars	As at 31st March, 2023	As at 31st March, 2022
	No. of Options	No. of Options
Outstanding at the beginning of the year	8,918	11,543
Add: Granted during the year	600	200
Options Forfeited / Surrendered during the year	0	(1350)
Options due to transfer in and transfer out	0	(1475)
Less: Exercised during the year	6386	-
Outstanding at the end of the year	3,132	8,918
Options exercisable at the end of the year	2,392	8,718
Options Vested and Exercisable during the year	60	-

Note: The weighted average exercise price of the options granted to all Optionees under the ITC ESOS is computed by ITC as a whole.

In accordance with Ind AS 102, an amount of ₹ 1.66 Lakhs (2022 – ₹ 0.21 Lakhs) towards ITC ESOS and ₹ 16.38 Lakhs (2022 – ₹ 1.92 Lakhs) towards ITC ESAR has been recognized as employee benefits expense (Refer note 18). Such charge has been recognised as employee benefits expense with corresponding credit to current / non – current financial liabilities, as applicable. (Refer note 12)

30. The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

Particulars	Numerator	Denominator	31st March, 2023	31st March, 2022	Variance	Reason for variance
Current ratio	Current Assets	Current Liabilities	3.09	4.30	(28%)	Due to better management of working capital, the company was able to reduce its current ratio.
Debt - Equity Ratio (Refer note below)	Debt	Equity	–	-	-	
Debt Service Coverage ratio (Refer note below)	Earnings for Debt Service	Debt Service	–	-	-	
Return on Equity (ROE) (in %)	Profit for the year	Average total Equity	8.20%	-	-	**
Inventory Turnover ratio (in times)	Gross Revenue from sale of services	Average Inventories	59.93	29.76	101%	Inventory optimisation measures were undertaken to manage inventory with reduced lead times and optimum stocking .
Trade Receivable Turnover Ratio (in times)	Gross Revenue from sale of services	Average Trade Receivable	34.11	30.57	12%	
Trade Payable Turnover Ratio (in times)	COGS+ Other Expenses- Non Cash Expenditure	Average Trade Payables	3.48	2.93	19%	
Net Capital Turnover Ratio (in times)	Gross Revenue from sale of services	Working Capital (Current Assets-Current Liabilities)	1.76	0.88	101%	Due to increase in the revenue, the company was able to effectively improve the utilisation of net working capital.
Net Profit ratio (in %)	Profit for the year	Gross Revenue from sale of services	11.20%	-	-	**
Return on Capital Employed (in %)	Profit before Interest and Taxes	Average Capital Employed	9.95%	-	-	**
Return on Investment (in %)	Income from Investment	Average Investment (refer note 5)	6.00%	3.96%	51%	Due to increase in the revenues and related collections post recovery from pandemic, the company was able to invest more funds

** Robust performance was delivered post recovery from pandemic

Note: Debt-Equity Ratio and Debt Service Coverage Ratio are not applicable to the Company.

Notes to the Financial Statements (Contd.)

31. Financial instruments and related disclosures

I. Capital management

The Company's financial strategy aims to provide adequate capital for its growth plans for generating superior guest experience and sustained stakeholder value. Depending on the financial market scenario, nature of the funding requirements and cost of such funding, the Company decides the optimum capital structure. Currently, there are no borrowings and operations are being funded through internal accruals. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth of its business as a going concern.

II. Categories of financial instruments

	Note	As at 31st March, 2023		As at 31st March, 2022	
		Carrying Value (₹ in Lakhs)	Fair Value* (₹ in Lakhs)	Carrying Value (₹ in Lakhs)	Fair Value* (₹ in Lakhs)
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	7	103.87	103.87	123.28	123.28
ii) Other bank balances	8	1000.00	1000.00	1650.21	1650.21
iii) Trade receivables	6	216.36	216.36	178.54	178.54
iv) Other financial assets	9	2074.42	2074.42	48.03	48.03
Sub - total		3394.65	3394.65	2000.06	2000.06
b) Measured at Fair value through Profit or Loss					
i) Investment in mutual funds	5	4109.42	4109.42	3839.59	3839.59
Sub - total		4109.42	4109.42	3839.59	3839.59
Total financial assets		7504.07	7504.07	5839.65	5839.65
B. Financial liabilities					
a) Measured at amortised cost					
i) Trade payables	25	1391.06	1391.06	1130.17	1130.17
ii) Other financial liabilities	12	316.86	316.86	169.00	169.00
Sub - total		1707.92	1707.92	1299.17	1299.17
Total financial liabilities		1707.92	1707.92	1299.17	1299.17

* The fair value of trade payables, other financial liabilities, cash and cash equivalents, other bank balances, trade receivables and other financial assets are considered to be the same as their carrying amounts due to their short term nature.

III. Financial risk management objectives

The Company has a system - based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as foreign currency risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulations. It also seeks to drive accountability in this regard.

a) Liquidity Risk:

The Company's current assets aggregates ₹ 5,645.10 Lakhs (March 31, 2022 – ₹ 6158.61 Lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 5213.29 Lakhs (March 31, 2022 – ₹ 5613.08 Lakhs) against an aggregate Current liability of ₹ 1824.66 Lakhs (March 31, 2022 – ₹ 1433.58 Lakhs). Further, while the Company's total equity stands at ₹ 9574.96 Lakhs (March 31, 2022 – ₹ 8,823.93 Lakhs), it has no borrowings.

In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

b) Foreign currency risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar) which are subject to exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency are also subject to reinstatement risks .

There are no outstanding foreign currency denominated financial assets and financial liabilities, as at the end of the reporting period.

As the transactions undertaken by the Company are in smaller denominations, taking forward cover for each transaction may not be economically feasible. Hence, the Company uses Forward Exchange Contracts for select exposures, although not designated under hedge accounting. As there are no large exposures, sensitivity analysis has not been provided.

c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. The Company is exposed to credit risk from its operating and investing activities (primarily trade receivables and investments).

The Company has policy of dealing on cash terms, to the extent practicable. Credit is extended only after due approvals and evaluation in terms of the Credit Policy applicable for such sale. The process of extending credit, takes into account various factors such as publicly available financial information, market feedback, and past business patterns etc. Many of the Company's customers have been transacting for many years and the incidence of bad debts has been low. Such credit limits extended to trade receivables are monitored by the dual structure of Hotel Unit Credit Committee and Board of Directors and protective actions are initiated to avoid a default. In view of the short - term nature of its trade receivables, the Company makes provision for credit risk on an individual basis, if any. All customer balances which are overdue for more than 180 days are evaluated for provision and considered for impairment on an individual basis. Write offs are made with the approval of the Board of Directors.

The Company's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 216.36 Lakhs (2022 - ₹ 178.54 Lakhs).

The movement of the expected loss provision (allowance for bad and doubtful loans and receivables etc.) made by the Company are as under:

(₹ in Lakhs)

Particulars	Expected Credit Loss Provision	
	As at 31st March, 2023	As at 31st March, 2022
Opening Balance	24.85	31.36
Add: Provisions made	0.87	–
Less: Provision reversed	(8.40)	(6.51)
Closing Balance	17.32	24.85

Notes to the Financial Statements (Contd.)

Investments in deposits are made with banks and institutions, which are of investment grade and are managed by the Company through active monitoring of balances and pre-determined parameters. Similarly, investment in debt mutual funds are made only with approved mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house. There are limits for any exposure to financial institutions.

The Company's investments that are measured at fair value through profit or loss stood at ₹ 4109.42 Lakhs (2022 - ₹ 3839.59 Lakhs).

32. Fair value hierarchy

The following table presents the fair value hierarchy of assets and liabilities:

	Fair value hierarchy level	As at 31st March, 2023 Fair Value (₹ in Lakhs)	As at 31st March, 2022 Fair Value (₹ in Lakhs)
Financial assets **a) Measured at Fair Value through Profit or Loss** (i) Investment in mutual funds	1	**4109.42**	3839.59
Total		**4109.42**	3839.59

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

33. The Financial Statements were approved for issue by the Board of Directors on April 15, 2023.

On behalf of the board

Gunupati Sivakumar Reddy
Chairman
DIN: 00439812

Ashutosh Chhibba
Managing Director
DIN: 08355922

Mandrita Bose
Chief Financial Officer

Place: Hyderabad

Date: April 15, 2023

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. Your Directors submit their Report for the financial year ended 31st March, 2023.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company recorded an Operating Income of ₹ 4360.17 Lakhs (previous year: ₹ 2504.55 Lakhs) reflecting a growth of about 74% over the previous year. The Other Income of the Company was ₹ 75.23 Lakhs (previous year ₹ 34.53 Lakhs) and profit for the year was ₹ 534.40 Lakhs (previous year profit: ₹ 18.59 Lakhs).

The financial results of your Company, summarised, are as under:

	Particulars	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
Profits			
a.	Profit Before Tax	**784.29**	46.14
b.	Less : Tax Expense		
	Current Tax	**189.55**	4.72
	Deferred Tax	**60.34**	22.83
c.	Profit for the year	**534.40**	18.59
d.	Other Comprehensive Income	**(13.99)**	9.89
e.	Total Comprehensive Income	**520.41**	**28.48**
Retained Earnings			
a.	At the beginning of the year	**1510.50**	1482.02
b.	Add : Profit for the year	**534.40**	18.59
c.	Add : Other Comprehensive Income	**(13.99)**	9.89
d.	At the end of the year	**2030.91**	**1510.50**

3. **DIVIDEND**

Your Directors are pleased to recommend a final dividend of ₹ 12.50 per Equity Share of ₹ 10/- each, for the year ended 31st March, 2023. Total cash outflow in this regard will be ₹ 56.25 Lakhs.

4. **OPERATIONAL PERFORMANCE**

Your Company, which caters to the 'Mid-market to Upscale' segment through a chain of Fortune hotels, continues to forge new alliances and expand its footprints. During the year, five hotels were added to the existing portfolio i.e. Fortune Select SG Highway Ahmedabad (91 rooms), Fortune Park Katra (61 rooms), Fortune Park Kufri (45 rooms), Fortune Walkway Mall Haldwani (58 rooms) and Fortune Resort Kalimpong (42 rooms). These properties are a mix of business and leisure hotels and are scaling up operations as per plan. With three new alliances signed during the year- one each in Siliguri, Kanpur and Aligarh; your Company as on 31st March, 2023 has 57 Alliances, 4416 rooms across 49 cities of India. Of these, 43 hotels are in operation and the remaining 14 hotels, are in various stages of development, and slated to be commissioned in the coming years.

During the year, your Company has been awarded with Today's Traveller Award 2022 for Best Upscale Business & Leisure Hotel Brand and VETA 2022- Best Upscale Brand & VETA 2023- Most preferred premium business & leisure hotel brand.

5. **DIRECTORS**

(a) Changes in Directors

During the year under review, there were no changes in the composition of the Board of the Company.

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Articles 143 and 144 of the Articles of Association of the Company, Mr. Ashish Thakar (DIN: 09383474), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company and being eligible, offers himself for re-appointment. Your Board has recommended his re-appointment.

6. **BOARD COMMITTEES AND MEETINGS**

The present composition of your Board is as follows:

Mr. N. Anand - Chairman & Non-Executive Director
Mr. A. Chadha - Non- Executive Director
Mr. A. Thakar - Non- Executive Director
Mr. Samir M.C. - Managing Director

Five meetings of the Board were held during the year ended 31st March, 2023.

Due to non applicability of the requirement for constituting a Corporate Social Responsibility Committee pursuant to the provisions of Section 135(9) of the Act, your Board approved dissolution of the said Committee with effect from 7th October, 2022.

7. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

8. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

9. **PARTICULARS OF EMPLOYEES**

The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure 1** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your company has an Internal Complaints Committee as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Rules made thereunder.

During the year, no complaint for sexual harassment was received.

10. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Audit Department of ITC Limited, the holding company, as the Internal Auditor of your Company, periodically carries out, at the request of the Company, risk focused audits with the objective of identification of areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

A combination of policies and processes as outlined above adequately addresses the various risks associated with the Company's businesses.

11. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Board provides guidance on internal controls and also reviews internal audit findings and implementation of internal audit recommendations.

During the year under review, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes are undertaken to ensure that such systems are reinforced on an ongoing basis.

12. **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company was not required to make any contribution towards CSR activities for the financial year 2022-23, since none of the criteria prescribed in Section 135 of the Act was applicable to the Company during the immediately preceding financial year 2021-22. The Annual Report on CSR Activities of the Company as required under Sections 134 and 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is provided in **Annexure 2**, to this Report.

13. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year ended 31st March, 2023, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

14. **RELATED PARTY TRANSACTIONS**

During the year under review, all contracts or arrangements entered into by your Company with its related parties were in the ordinary course of business and on arm's length basis.

No material contracts or arrangements with related parties were entered during the year under review. Accordingly, the disclosure of material related party transactions as required in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC-2 is not applicable for this year.

15. **DEPOSITS**

Your Company has not accepted any deposit from the public / members under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

16. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

During the year under review, no significant or material order was passed by any Regulator / Court / Tribunal impacting the going concern status of the Company or its future operations.

17. ANNUAL RETURN

The Annual Return of the Company is available on its website at https://www.fortunehotels.in/annual-return

18. COST RECORDS

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

19. STATUTORY AUDITORS

Messrs. SRBC & CO LLP ('SRBC'), Chartered Accountants were appointed as the Company's Statutory Auditors for a period of five years from the conclusion of the Twenty Fourth AGM held in 2019 till the conclusion of the Twenty Ninth AGM of the Company.

Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of SRBC to conduct the statutory audit of the Company for the financial year 2023-24. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the ensuing AGM of the Company.

There is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report on the financial statements of the Company for the year ended 31st March, 2023.

20. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy

The Company is committed to adopt eco-friendly and energy conservation practices at its managed hotels and has accordingly, initiated several eco-friendly processes for energy and water conservation, waste management disposal and measures to control water, noise and environmental pollution. Routine maintenance is performed to keep all equipment in the most efficient state of operations.

As a result of the aforesaid measures, optimum utilization of energy being achieved in electrical units, PNG and water consumption.

Technology Absorption

The Company is in the hotels business which is a service industry and no specific knowhow or technology was imported by the Company during the year. The Company has not carried out any activities which can be construed as a research and development activity. However, the Company endeavors to adopt and use the latest technologies to improve the efficiency and effectiveness of its operations leading to product improvement, cost reduction, product development or import substitution.

Foreign Exchange Earnings and Outgo

During the year under review, there were 'NIL' foreign exchange earnings (previous year: Nil) and foreign exchange outflow aggregated ₹ 130.39 lakhs (previous year: ₹ 29.53 lakhs).

22. ACKNOWLEDGEMENT

The Directors acknowledge the assistance and support rendered by all the stakeholders and look forward to the future with confidence.

On behalf of the Board

Dated : 15th April, 2023	**Samir M.C.**	**A Thakar**
Place : Gurugram	**Managing Director**	**Director**

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2023

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Names of Employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
Samir Mecherivalappil Chandrasekharan*	47	Managing Director	2,88,13,889/-	1,46,60,030/-	MBA, Diploma in Hotel Management	27	16.10.2017	ITC Limited, Hotels Division, Executive Vice President
PK Hosmutt*	58	Head – Technical, EHS & Projects	83,59,654/-	37,41,040/-	B.E. Mechanical	38	01.04.2022	General Manager Projects, ITC Narmada
Dhananjay Saliankar*	58	Head-Sales & Marketing	82,80,626/-	41,67,960/-	B. A. (Economics)	32	01.12.2017	ITC Limited, Hotels Division, General Manager – Sales & Marketing
Gunjan Chadha*	49	Head Finance	81,77,579/-	45,96,027-	ACA	26	04.12.2020	ITC Limited, Finance Controller-ITC Maurya
Arindam Kunar*	53	Vice President – Operations	70,16,171/-	40,50,568/-	Diploma in Hotel Management	32	01.01.2019	ITC Limited, Hotels Division, General Manager Operations
Raj Kamal Chopra*	56	Corporate Chef	63,90,281/-	32,66,055/-	B.Com (P), Diploma in Hotel Management	36	01.04.2013	ITC Limited, Executive Chef – ITC Windsor
Saravanan Dhanabalu	50	Area Manager (South)	34,90,860/-	25,51,479/-	Bachelor of Science	28	05.09.2007	Auromatrix Hotels Private Limited, General Manager
Sharad Bhargava	47	Head – Business Development	34,82,100/-	25,31,719/-	Diploma in Hotel Management and Catering Technology	27	01.08.2018	Sarovar Hotels Private Limited, General Manager-Development
Ajay Joginderlal Sharma	56	Area Manager (North)	34,14,684/-	26,18,781/-	Diploma in Hotel Management and Catering Technology	35	19.05.2015	Elixir Enterprises and Hotels Private Limited, Manager
Vipin Ganesha Kudva	40	Regional Manager (West), Sales	33,69,370/-	25,42,877/-	Post Graduate Diploma in Management	17	01.10.2019	Keys Hotels, Director - Regional Sales

** On deputation from ITC Limited, the holding company (ITC).*

Notes:

a. In respect of employees on deputation, gross remuneration disclosed as above is the deputation cost which is borne by the Company.

b. For all other employees, gross remuneration includes salary, variable pay/ performance bonus, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

c. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

d. Certain employees on deputation from ITC may been granted Stock Options by ITC under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. Since these Stock Options are not tradeable, no perquisite or benefit is immediately conferred upon the employees by such grant of Options, and accordingly the said grants have not been considered as remuneration.

e. All appointments (except deputed employees) are / were contractual in accordance with terms and conditions as per the Company's Rules.

f. The aforesaid employees are neither relative of any Director of the Company nor hold any equity shares in the Company in individual capacity.

On behalf of the Board

Dated : 15th April, 2023
Place : Gurugram

Samir M.C.
Managing Director

A Thakar
Director

Annexure 2 to the Report of the Board of Directors

Annual Report on Corporate Social Responsibility (CSR) Activities of the Company for the financial year ended 31st March, 2023

1. **A brief outline on CSR Policy of the Company:**

The Company being a wholly owned subsidiary of ITC Limited ('ITC') discharges its responsibility by aligning itself with the CSR Policy of ITC and by undertaking CSR activities in areas or subjects which are independent of the normal conduct of the Company's business and are covered under the activities listed in Schedule VII read with Section 135 of the Companies Act, 2013 ('the Act') and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company's CSR Programmes are implemented (i) directly, or (ii) through a registered public trust or a registered society or foundation or a company under Section 8 of the Act, established by ITC (Collectively, ITC Entities), having track record of at least three years in undertaking similar activities, or (iii) through other eligible implementing agencies.

The Company may also collaborate with ITC or other companies for undertaking CSR Programmes in such a manner that the respective companies are in a position to report separately on the CSR activities being undertaken.

2. Composition of the CSR Committee as on 31st March, 2023: **Not Applicable**

3. The web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: https://www.fortunehotels.in/csr

4. Executive Summary alongwith the web-link(s) of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: **Not Applicable.**

5. Average net profits of the Company as per Section 135(5): ₹ **14.88 Lakhs**

(a)	Two percent of average net profits of the Company as per Section 135(5)	Since the provision of section 135 of the Act is not applicable on the Company, the prescribed CSR expenditure has been considered nil for the financial year 2022-23.
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	**Nil**
(c)	Amount required to be set off for the financial year, if any	**Nil**
(d)	Total CSR obligation for the financial year (5a+5b-5c)	**Nil**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **Nil**

(b) Amount spent in Administrative Overheads: **Nil**

(c) Amount spent on Impact Assessment, if applicable: **Nil**

(d) Total amount spent for the Financial Year [6(a)+6(b)+6(c)]: **Nil**

(e) CSR amount spent or unspent for the financial year: **Nil**

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (₹)	Date of transfer	Name of the Fund	Amount (₹)	Date of transfer
Nil	Not Applicable				

(f) Excess amount for set off, if any: **Not Applicable**

Sl. No.	Particular	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per Section 135(5)	Not Applicable
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

7. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of Section 135 (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any		Amount remaining to be spent in succeed-ing financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
Not Applicable								

8. Whether any capital assets have been created or acquired through CSR amount spent in the financial year:

Yes ✓ No

If Yes, enter the number of Capital assets created/acquired: Not Applicable

Furnish the details relating to such asset(s) so created or acquired through CSR amount spent in the financial year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): **Not Applicable**

On behalf of the Board

Dated : 15th April, 2023
Place : Gurugram

Samir M.C.
Managing Director

A. Thakar
Director

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FORTUNE PARK HOTELS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Fortune Park Hotels Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 SAs 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with those charged with governance 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.

  We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act based on our audit, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
   (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. As stated in Note B of Statement of changes in equity (SOCE) to the standalone Ind AS financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **SRBC & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982/E300003

per Ajay Bansal
Partner
Membership Number: 502243
UDIN:23502243BGTIUF7733
Place of Signature: Gurugram
Date: 15th April, 2023

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT ON EVEN DATE

Re: Fortune Park Hotels Limited ('the Company')

(i) (a) (A) The Company has maintained proper records showing full particulars, including situation and quantitative details of Property, Plant and Equipment.

(B) The Company has not capitalized any intangible assets in the books of the Company and accordingly, the requirement to report on clause 3(i)(a)(B) of the Order is not applicable to the Company.

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities Undisputed statutory dues including duty of custom, duty of excise, value added tax, sales-tax, service tax, are not applicable to the company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, the whistle blower policy is not applicable to the company.

(xii) (a) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.

(b) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.

(c) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.

(xiv) The Company has implemented internal audit system on a voluntary basis which is commensurate with the size of the Company and nature of its business though it is not required to have an internal audit system under Section 138 of the Companies Act, 2013

The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) As represented to us, the Group does not have more than one Core Investment Company as part of the Group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the year and the immediate preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 27 to the Ind AS financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Ind AS financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) Section 135 of Company's Act, 2013 is not applicable on the company, hence, the requirement to report on clause 3(xx)(a) of the Order is not applicable to the Company.

(b) Section 135 of Company's Act, 2013 is not applicable on the company, hence, the requirement to report on clause 3(xx)(b) of the Order is not applicable to the Company.

(c) Section 135 of Company's Act, 2013 is not applicable on the company, hence, the requirement to report on clause 3(xx)(c) of the Order is not applicable to the Company.

(xxi) The company does not have any subsidiaries, associates, joint ventures. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Company.

For **SRBC & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982/E300003

per Ajay Bansal
Partner
Membership Number: 502243
UDIN:23502243BGTIUF7733
Place of Signature: Gurugram
Date: 15th April, 2023

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF FORTUNE PARK HOTELS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal financial controls over financial reporting of Fortune Park Hotels Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Not on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Ind AS financial statements includes those policies and procedures that (I) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SRBC & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982/E300003

per Ajay Bansal
Partner
Membership Number: 502243
UDIN:23502243BGTIUF7733
Place of Signature: Gurugram
Date: 15th April, 2023

BALANCE SHEET AS AT 31ST MARCH, 2023

(All amounts in rupees lakhs unless otherwise stated)

	Notes	As at 31st March, 2023	As at 31st March, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	**17.43**	11.13
Other financial Assets	3(b)	**500,00**	–
Deferred tax assets (net)	4	**390.71**	446.34
Income tax assets (net)	5	**518.81**	463.98
Total non-current assets		**1,426.95**	921.45
Current assets			
Financial assets			
i. Investments	6(a)	**1,135.05**	486.69
ii. Trade receivables	6(b)	**996.04**	1,073.39
iii. Cash and cash equivalents	6(c)	**186.52**	67.01
iv. Others	6(d)	**82.02**	67.24
Other current assets	7	**44.15**	23.94
Total current assets		**2,443.77**	1,718.27
Total assets		**3,870.72**	2,639.72
EQUITY AND LIABILITIES			
Equity share capital	8	**45.00**	45.00
Other equity		**2,398.39**	1,877.98
Total equity		**2,443.39**	1,922.98
LIABILITIES			
Non-current liabilities			
Other financial liabilities	9(a)	**146.67**	36.02
Provisions	10(a)	**48.74**	48.03
Total non-current liabilities		**195.41**	84.05
Current liabilities			
Financial liabilities			
i. Trade payables	9(b)		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		**324.61**	113.43
ii. Other financial liabilities	9(c)	**475.29**	170.26
Provisions	10(b)	**158.00**	101.64
Other current liabilities	11	**274.00**	247.36
Total current liabilities		**1,231.91**	632.69
Total liabilities		**1,427.32**	716.74
Total equity and liabilities		**3,870.72**	2,639.72

The accompanying notes 1 to 28 are an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

For **SRBC & CO LLP**
Firm Registration No. : 324982/E300003

Ajay Bansal
Partner
Membership Number : 502243

Place : Gurugram
Date : 15th April, 2023

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 15th April, 2023

Ashish Thakar
Director
DIN 09383474

Place : Gurugram
Date : 15th April, 2023

STATEMENT OF PROFIT AND LOSS
(All amounts in rupees lakhs unless otherwise stated)

	Notes	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Revenue from operations	12	4,360.17	2,504.55
Other income	13	75.23	34.53
Total income		**4,435.40**	**2,539.08**
Expenses			
Employee benefits expense	14	3,016.91	2,078.16
Depreciation expense	3	12.53	7.20
Other expenses	15	621.67	407.58
Total expenses		**3,651.11**	**2,492.94**
Profit/(Loss) before tax		**784.29**	**46.14**
Income tax expense			
- Current tax	16	189.55	4.72
- Deferred tax	16	60.34	22.83
Total tax expense		**249.89**	**27.55**
Profit/(Loss) for the year		**534.40**	**18.59**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(18.70)	13.22
- Income tax relating to these items		4.71	(3.33)
Other comprehensive income for the year, net of tax		**(13.99)**	**9.89**
Total comprehensive income for the year		**520.41**	**28.48**
Earnings per equity share (₹)			
Basic earnings per share	**17**	**118.75**	4.13
Diluted earnings per share	**17**	**118.75**	4.13

The accompanying notes 1 to 28 are an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

For **SRBC & CO LLP**
Firm Registration No. : 324982/E300003

Ajay Bansal
Partner
Membership Number : 502243

Place : Gurugram
Date : 15th April, 2023

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 15th April, 2023

Ashish Thakar
Director
DIN 09383474

Place : Gurugram
Date : 15th April, 2023

Statement of changes in equity
(All amounts in rupees lakhs unless otherwise stated)

A. Equity share capital

Balance as at 1st April, 2022	**45.00**
Changes in equity share capital due to prior period errors	–
Restated balance at the beginning of the reporting period	–
Changes in equity share capital during the year	–
Balance at 31st March, 2023	**45.00**
Balance as at 1st April, 2021	**45.00**
Changes in equity share capital due to prior period errors	–
Restated balance at the beginning of the reporting period	–
Changes in equity share capital during the year	–
Balance at 31st March, 2022	**45.00**

B. Other equity

	Reserves and Surplus			Total
	Capital Reserve	Retained Earnings	General Reserve	
Balance as at 1st April, 2022	**30.00**	**1,510.50**	**337.48**	**1,877.98**
Changes in accounting policy or prior period errors	–	–	–	–
Restated balance as at 1st April, 2022	–	–	–	–
Profit / (Loss) for the year	–	534.40	–	534.40
Other comprehensive income (net of tax)	–	(13.99)	–	(13.99)
Total comprehensive income	–	**520.41**	–	**520.41**
Balance at 31st March, 2023	**30.00**	**2,030.91**	**337.48**	**2,398.39**
Balance as at 1st April, 2021	**30.00**	**1,482.02**	**337.48**	**1,849.50**
Changes in accounting policy or prior period errors	–	–	–	–
Restated balance as at 1st April, 2021	–	–	–	–
Profit/(Loss) for the year	–	18.59	–	18.59
Other comprehensive income (net of tax)	–	9.89	–	9.89
Total comprehensive income	–	**28.48**	–	**28.49**
Balance at 31st March, 2022	**30.00**	**1,510.50**	**337.48**	**1877.98**

- The Board of Directors of the Company has recommended Final Dividend of ₹ 12.50 per equity share for the financial year ended March 31, 2023 to be paid on fully paid equity share amounting to ₹ 5,625,100. This proposed dividend is subject to the approval of share holders at the annual general meeting and has not been included as a liability in these financial statement.
- Capital reserve represents amount received as compensation of rights under contract.
- Retained Earnings: This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.
- General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 28 are an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

For **SRBC & CO LLP**
Firm Registration No. : 324982/E300003

Ajay Bansal
Partner
Membership Number : 502243

Place : Gurugram
Date : 15th April, 2023

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 15th April, 2023

Ashish Thakar
Director
DIN 09383474

Place : Gurugram
Date : 15th April, 2023

CASH FLOW STATEMENT

(All amounts in rupees lakhs unless otherwise stated)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Cash flow from operating activities		
Profit/(Loss) before tax	784.29	46.14
Adjustments for :		
Depreciation expense	12.53	7.20
Loss on sale of property, plant and equipment - Net	0.22	0.17
Provisions for doubtful debts and other financial assets	(45.02)	81.92
Bad debts written off	2.02	9.77
Net (gain)/loss arising on investments mandatorily measured at fair value through profit and loss	(65.70)	(13.18)
Operating profit/(loss) before working capital changes	688.33	132.02
Adjustments for :		
Trade receivables, advances and other assets	85.37	45.46
Trade payables, other liabilities and provisions	691.88	100.18
Cash generated from/(used) operations	1,465.58	277.66
Income tax (paid)/refund received	(244.38)	(2.85)
Net cash generated/(used) in operating activities	1,221.20	274.81
Cash flow from investing activities		
Purchase of property, plant and equipment	(19.06)	-
Purchase of current investments	(7,415.00)	(870.00)
Sale / redemption of current investments	6,832.35	628.28
Investments in Deposit with Bank	(500.00)	-
Net cash from investing activities	(1,101.71)	(241.72)
Cash flow from financing activities		
Dividend paid	-	-
Income tax on dividend paid	-	-
Net cash used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	119.49	33.09
Opening cash and cash equivalents	67.01	33.92
Closing cash and cash equivalents	186.52	67.01
Cash and cash equivalents comprise of :		
Balances with Banks	186.50	66.99
Cash on hand	0.02	0.02
Cash and cash equivalents at the end of the year [Refer note 6(c)]	186.52	67.01

Notes:

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash flows".
2. Net Cash Flow from Operating Activities includes an amount of Nil (Previous Year: Nil) spent towards Corporate Social Responsibility.

The accompanying notes 1 to 28 are an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

For **SRBC & CO LLP**
Firm Registration No. : 324982/E300003

Ajay Bansal
Partner
Membership Number : 502243

Place : Gurugram
Date : 15th April, 2023

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 15th April, 2023

Ashish Thakar
Director
DIN 09383474

Place : Gurugram
Date : 15th April, 2023

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

BACKGROUND OF THE COMPANY

Fortune Park Hotels Limited, a 100% subsidiary of ITC Limited is in the business of operating hotels in the mid – market to upscale segment under 'Fortune' Brands. It currently operates 43 hotels.

Note 1: SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been applied to all the years presented, unless otherwise stated.

a) BASIS OF PREPARATION

(i) Compliance with IND AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value;
- defined benefit plans – plan assets measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services, the company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

b) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realized. The carrying amount of a replaced part is derecognized. All upgradations / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

On transition to Ind AS, it has been elected to continue with the carrying value of all the tangible assets recognised as at 1st April, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of the tangible asset.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, plant and equipment are recognised in the Statement of Profit and Loss.

c) DEPRECIATION

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. The estimated useful lives of property, plant and equipment of the Company are as follows:

Category of property, plant and equipment	Useful life
Office equipment	5 Years
Computers end users devices	3 Years
Computer, network and servers	6 Years
Furniture and fixtures	10 Years
Vehicles	8 Years

d) IMPAIRMENT OF ASSETS

Impairment loss is provided, if any, to the extent, the carrying amount of assets exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

e) FOREIGN CURRENCY TRANSACTIONS

The Company accounts for transactions in foreign currency at the exchange rate prevailing on the date of transactions. The date of the transaction for the purpose of determining the exchange rate on initial recognition of the asset, expense or income is the date on which an entity initially recognizes the related non-monetary asset or non-monetary liability on the payment or receipt of the advance consideration. Gains/Losses arising on settlement of transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rate are recognized in the Statement of Profit and Loss.

f) FINANCIAL INSTRUMENT, FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value expect for trade receivables that do not contain a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price, as applicable, when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

g) REVENUE

Revenue is measured at the transaction price that the Company receives or expects to receive as consideration for services rendered, net of discounts to customers. Revenue excludes Goods and Services Tax (GST).

Revenue from the sale of services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable.

Under the Operating and Marketing Services Agreements with the hotel owners, the Company receives fees and reimbursements from contractual arrangements, which is considered as revenue and recognised over regular time intervals during the term of the agreements upon satisfactory completion of performance obligation.

In addition, under the said Agreements, the Company provides other services during pre-operations period and fee for such other services is received in advance and the same is recognised during pre-operations period basis the output method i.e. contract milestone matrix which is best reflective of the performance completed till date.

h) DIVIDEND DISTRIBUTION

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

i) EMPLOYEE BENEFITS

The Company makes contributions to both defined benefit and defined contribution schemes.

Contributions to Provident Fund are in the nature of defined contribution scheme and such paid/payable amounts are recognised as employee benefit expense. The contributions in respect of provident fund are statutorily deposited with the Government.

The contributions in respect of defined benefit gratuity plan are made to Life Insurance Corporation (LIC) under its Group Gratuity Scheme. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or loss on account of remeasurements are recognized immediately through Other Comprehensive Income in the period in which they occur.

The employees of the Company are also entitled to compensated leave for which the Company records the liability based on actuarial valuation computed under projected unit credit method similar to benefits of gratuity explained above. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognized immediately through Other Comprehensive Income in the period in which they occur. These benefits are unfunded.

The eligible employees are also entitled to other benefits such as loyalty plan, which are in the nature of Long Term Benefits, and are estimated based on variable elements affecting the computations including performance ratings in the subsequent appraisal cycle. Such plans are unfunded and are recognized in the Statement of Profit and Loss.

j) EMPLOYEE SHARE BASED COMPENSATION

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees deputed to the Company is recognised at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost recognized as an employee benefits expenses

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

in the Statement of Profit and Loss with a corresponding credit in equity, net reimbursements, if any.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

k) LEASES

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also re-measured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such re-measurements is adjusted to the value of the ROU assets.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

l) TAXES ON INCOME

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income, are disclosed separately under Other Comprehensive Income, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the period.

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

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

m) CLAIMS

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of facts and legal aspects of the matter involved.

n) PROVISIONS

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

o) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

p) EARNINGS PER SHARE

Basic earnings per share computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

q) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee headed by the Managing Director.

Note 2: Use of critical estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and action, actual results could defer from these estimates.

The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligations Note 10 and 14
- Impairment of trade receivables and other financial assets Note 6 (b) and 6 (d)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees lakhs unless otherwise stated)

Note 3 : Property, plant and equipment

	Furniture and fixture	Vehicles	Office equipment	Computers end users devices	Computer, network and servers	Total
Year ended 31st March, 2022						
Gross carrying amount						
Opening gross carrying amount	4.31	0.46	3.08	55.56	23.12	86.53
Additions	-	-	-	-	-	-
Disposals	-	(0.46)	(0.04)	(1.31)	-	(1.81)
Closing gross carrying amount	**4.31**	**-**	**3.04**	**54.25**	**23.12**	**84.72**
Accumulated depreciation						
Opening accumulated depreciation	2.82	0.36	2.69	45.95	16.22	68.04
Depreciation charge during the year	0.21	0.06	0.09	4.01	2.83	7.20
Disposals	-	(0.42)	(0.04)	(1.19)	-	(1.65)
Closing accumulated depreciation	**3.03**	**-**	**2.74**	**48.77**	**19.05**	**73.59**
Net carrying amount as at 31st March, 2022	**1.28**	**-**	**0.30**	**5.48**	**4.07**	**11.13**
Period ended 31st March, 2023						
Gross carrying amount						
Opening gross carrying amount	4.31	-	3.04	54.25	23.12	84.72
Additions	-	-	-	19.06	-	19.06
Disposals	-	-	-	(2.33)	-	(2.33)
Closing gross carrying amount	**4.31**	**-**	**3.04**	**70.98**	**23.12**	**101.43**
Accumulated depreciation						
Opening accumulated depreciation	3.03	-	2.74	48.77	19.04	73.58
Depreciation charge during the year	0.21	-	0.09	8.45	3.78	12.53
Disposals	-	-	-	(2.11)	-	(2.11)
Closing accumulated depreciation	**3.24**	**-**	**2.83**	**55.11**	**22.82**	**84.00**
Net carrying amount as at 31st March, 2023	**1.07**	**-**	**0.21**	**15.87**	**0.30**	**17.43**

Note 3 (b) : Other financial Assets

	As at 31st March, 2023	As at 31st March, 2022
Investment in Bank Deposit		
7.75%-State Bank of India	500	-
Total other financial assets	500	-

(Deposit with Bank with original maturity of more than 12 months)

Note 4 : Deferred tax assets (net)

	Deferred tax assets					Deferred tax liabilities			Net Deferred Tax Assets (A-B)
	On employee benefit	Business losses and unabsorbed depreciation	On allowances for doubtful trade receivables and other financial assets	Other timing differences	Deferred tax assets (A)	Property, plant and equipment	Financial assets at fair value through profit or loss	Deferred tax liabilities (B)	
At 1st April, 2021	37.48	183.38	255.29	1.76	477.92	(0.53)	(4.89)	(5.42)	472.50
(Charged)/credited:									
- to profit or loss	16.97	(58.97)	20.62	-	(21.38)	0.72	(2.17)	(1.45)	(22.83)
- to other comprehensive income	(3.33)	-	-	-	(3.33)	-	-	-	(3.33)
At 31st March, 2022	**51.13**	**124.41**	**275.91**	**1.76**	**453.21**	**0.19**	**(7.06)**	**(6.87)**	**446.34**
(Charged)/credited:									
- to profit or loss	78.45	(124.41)	(11.33)	-	(57.29)	0.84	(3.89)	(3.05)	(60.34)
- to other comprehensive income	4.71	-	-	-	4.71	-	-	-	4.71
At 31st March, 2023	**134.29**	**-**	**265.58**	**1.76**	**400.63**	**2.03**	**(10.95)**	**(9.92)**	**390.71**

Note 5: Income tax assets (net)

	As at 31st March, 2023	As at 31st March, 2022
Advance tax	**518.81**	463.98
Total income tax assets (net)	**518.81**	463.98

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees lakhs unless otherwise stated)

Note 6: Financial assets - current

Note 6(a) Investments

	As at 31st March, 2023	As at 31st March, 2022
Unquoted		
Investment in mutual funds measured at FVTPL		
ICICI Prudential Corporate Bond Fund	179.09	169.17
[688057.13 units : Previous Year 688057.13 units)] of ₹ 10/- each		
Axis Liquid Fund - Growth - Direct Plan	201.65	172.40
[8063.110 units : Previous Year (7292.611 units)] of ₹1000/- each		
SBI Magnum Low Duration Fund - Growth - Direct Plan	250.46	-
[8171.486 units : Previous Year (Nil units)] of ₹ 1000/- each		
Axis Treasury Advantage Fund - Growth - Direct Plan	250.50	-
[9174.922 units : Previous Year (Nil units)] of ₹ 1000/- each		
Nippon India Liquid Fund - Growth- Direct Plan	-	145.12
[Nil units : Previous Year (2786.380 units)] of ₹ 1000/- each		
SBI Liquid Fund - Growth - Direct Plan	253.34	-
[7190.312 units : Previous Year (Nil units)] of ₹ 1000/- each		
Total investments	**1,135.04**	**486.69**

Note 6(b) Trade receivables

	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good	996.04	1,073.39
Credit impaired	995.15	1,040.17
Less: Provision for impairment	(995.15)	(1,040.17)
Total trade receivables	**996.04**	1,073.39

	As at 31st March, 2023	As at 31st March, 2022
Secured considered good	-	-
Unsecured, considered good	996.04	1,073.39
Which have significant increase in credit risk	-	-
Credit impaired	995.15	1,040.17
Less: Allowance for Credit impairment	(995.15)	(1,040.17)
Total	**996.04**	1,073.39

Ageing of Trade Receivable

Trade Receivable as on 31.03.2023	Particulars Outstanding for following periods						
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
- considered good	424.91	571.12	-	-	-	-	996.04
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	217.41	67.85	15.39	63.72	241.56	605.93
Disputed Trade Receivables							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	389.21	389.21
Gross	**424.91**	**788.53**	**67.85**	**15.39**	**63.72**	**630.77**	**1,991.18**
Less : Allowance for Trade Receivables							
- which have significant increase in credit risk - Undisputed	–	–	–	–	–	–	–
- which have significant increase in credit risk - disputed	–	–	–	–	–	–	–
- credit impaired - Undisputed	-	217.41	67.85	15.39	63.72	241.56	605.93
- credit impaired - disputed	-	-	-	-	-	389.21	389.21
Net	**424.91**	**571.12**	-	-	-	-	**996.04**

Trade Receivable as on 31.03.2022	Particulars Outstanding for following periods						
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
- considered good	317.71	711.45	44.23	-	-	-	1,073.39
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	152.02	197.79	271.73	29.42	650.96
Disputed Trade Receivables							
- considered good	–	–	–	–	–	–	–
- which have significant increase in credit risk	–	–	–	–	–	–	–
- credit impaired	-	-	-	-	-	389.21	389.21
Gross	**317.71**	**711.45**	**196.25**	**197.79**	**271.73**	**418.63**	**2,113.56**
Less : Allowance for Trade Receivables							
- which have significant increase in credit risk - Undisputed	–	–	–	–	–	–	–
- which have significant increase in credit risk - disputed	–	–	–	–	–	–	–
- credit impaired - Undisputed	-	-	152.02	197.79	271.73	29.42	650.96
- credit impaired - disputed	-	-	-	-	-	389.21	389.21
Net	**317.71**	**711.45**	**44.23**	-	-	-	**1,073.39**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees lakhs unless otherwise stated)

Note 6(c) Cash and cash equivalents

	As at 31st March, 2023	As at 31st March, 2022
Balances with banks		
- in current accounts	186.50	66.99
Cash on hand	0.02	0.02
Total cash and cash equivalents	**186.52**	**67.01**

Note 6(d) Others

	As at 31st March, 2023	As at 31st March, 2022
Other assets - Unsecured unless stated otherwise		
- Contractually reimbursable cost - Considered good	78.72	62.84
- Contractually reimbursable cost - Credit impaired	56.09	56.10
Less: Provision for impairment	(56.09)	(56.10)
- Security deposits	3.30	4.40
Total others	**82.02**	**67.24**

Note 7 : Other current assets

	As at 31st March, 2023	As at 31st March, 2022
Other advances including prepayment expenses	26.21	16.24
GST recoverable	17.94	7.70
Total other current assets	**44.15**	**23.94**

Note 8: Equity share capital

Particulars		As at 31st March, 2023	As at 31st March, 2022
Authorised			
20,00,000 (Previous year 20,00,000) equity shares of ₹ 10 each		200.00	200.00
	Total	**200.00**	**200.00**
Issued, subscribed and paid up			
4,50,008 (Previous year 4,50,008) equity shares of ₹ 10 each		45.00	45.00
	Total	**45.00**	**45.00**

(i) Movements in equity share capital

Particulars	Number of shares
As at 1st April, 2021	4,50,008
Add: Increase / less changes during the year	–
As at 31st March, 2022	4,50,008
Add: Increase / less changes during the year	–
As at 31st March, 2023	**4,50,008**

The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding

(ii) Shares held by holding company

Particulars	As at 31st March, 2023	As at 31st March, 2022
Equity Shares of ₹ 10 each fully paid up held by:		
ITC Limited, the holding company	**4,50,002**	4,50,002
Held by management personnel as nominees of ITC Limited	**6**	6

(iii) Details of shareholders holding more than 5% shares in the company

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Number of shares	% holding	Number of shares	% holding
ITC Limited, the holding company	**450002**	**99.98%**	450002	99.98%
Held by management personnel as nominees of ITC Limited	**6**	**0.02%**	6	0.02%

(iv) Shares held by promoters:

Particulars	Promoter Name	As at 31st March 2023			As at 31st March 2022		
		No. of shares as at end of the year	% of Total shares	% change during the year	No. of shares as at end of the year	% of Total shares	% change during the year
Equity Shares of ₹ 10 each fully paid	ITC Limited	4,50,002	99.98%	0.00%	4,50,002	99.98%	0.00%
Held by management personnel as nominees of ITC Limited	ITC Limited	6	0.02%	0.00%	6	0.02%	0.00%
Total		**4,50,008**	**100%**	**0.00%**	**4,50,008**	**100%**	**0.00%**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees lakhs unless otherwise stated)

Note 9: Financial liabilities

Note 9(a): Other financial liabilities

	As at 31st March, 2023	As at 31st March, 2022
Non-current		
Payable to holding company (Refer Note 21)	56.67	36.02
Other Financial Liability	90.00	–
Total other financial liabilities	**146.67**	36.02

Note 9(b) : Trade payables

	As at 31st March, 2023	As at 31st March, 2022
Current		
Total outstanding dues of micro and small enterprises #	–	–
Total outstanding dues of creditors other than micro and small enterprises	324.61	113.43
Total trade payables	**324.61**	113.43

Ageing of Trade Payables

As at 31st March 2023	Particulars Outstanding for following periods						
	Not Due	Unbilled payables	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME #	-	-	-	-	-	-	–
Others	16.79	303.68	4.15	-	-	-	324.61
Disputed Dues - MSME #	-	-	-	-	-	-	–
Disputed Dues - Others	-	-	-	-	-	-	–
Total	**16.79**	**303.68**	**4.15**	-	-	-	**324.61**

As at 31st March 2022	Particulars Outstanding for following periods						
	Not Due	Unbilled payables	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME #	-	-	-	-	-	-	–
Others	12.07	100.05	0.90	0.03	0.38	-	113.43
Disputed Dues - MSME #	-	-	-	-	-	-	–
Disputed Dues - Others	-	-	-	-	-	-	–
Total	**12.07**	**100.05**	**0.90**	**0.03**	**0.38**	-	113.43

The Company, based on the information available on the status of the suppliers, does not have any dues to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

Note 9(c) : Other financial liabilities

	As at 31st March, 2023	As at 31st March, 2022
Current		
Employee benefits payable	306.74	109.89
Payable to holding Company (Refer Note 21)	168.55	60.37
Total other financial liabilities	**475.29**	**170.26**

Note 10 (a) Provisions

	As at 31st March, 2023	As at 31st March, 2022
Non-current		
Provision for employee benefits (Refer Note 14)		
- Retirement benefits	48.74	47.48
- Other benefits	-	0.55
Total provision	**48.74**	**48.03**

Note 10 (b) Provisions

	As at 31st March, 2023	As at 31st March, 2022
Current		
Provision for employee benefits (Refer Note 14)		
- Retirement benefits	47.45	43.96
- Other benefits	110.55	57.68
Total provision	**158.00**	**101.64**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)
(All amounts in rupees lakhs unless otherwise stated)

Note 11: Other current liabilities

	As at 31st March, 2023	As at 31st March, 2022
Deferred revenue received in advance #	151.56	153.91
Advance from customers	27.50	28.44
Statutory dues	94.95	65.01
Total other current liabilities	**274.01**	247.36

 # Revenue recognised in relation to contract liabilities

	As at 31st March, 2023	As at 31st March, 2022
Opening balance	153.91	105.35
Add: Received during the year net of revenue recognised during the year	42.80	72.21
Less: Revenue recognised that relates to carried-forward contract liabilities	45.15	23.65
Closing Balance	**151.56**	**153.91**

Note 12: Revenue from operations

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Rendering of services		
- Operating and marketing services	3,337.20	1,818.69
- Recoveries of salary*	1,022.97	685.86
Total revenue	**4,360.17**	**2,504.55**

* Recoveries of salary cost of deputed personnel from alliances.

Note 13 : Other income

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Interest income - from Others - (statutory authorities)	9.73	21.29
Exchange fluctuation gain/(loss)	(0.22)	(0.03)
Net gain/(loss) arising on financial assets mandatorily measured at FVTPL**	65.70	13.18
Liabilities no longer required written-back	-	-
Miscellaneous income	0.02	0.09
Total other income	**75.23**	34.53

** Includes ₹ 50.23 lakhs (Previous Year: ₹ 4.55 lakhs) being net gain/(loss) on sale of investments.

Note 14: Employee benefits expense

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Salary, wages and bonus	1,997.84	1,387.13
Reimbursement of remuneration of deputed managers	635.27	535.07
Share based payments expense for deputed managers	223.30	33.64
Contribution to employees provident and other funds	94.27	84.06
Staff welfare expenses	66.23	38.26
Total employee benefits expense	**3,016.91**	**2,078.16**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)
(All amounts in rupees lakhs unless otherwise stated)

a) The reconciliation of opening and closing balances of the present value of defined benefit obligations are as under :

Gratuity - funded

	Present value of obligation	Fair value of plan assets	Total	Impact of asset ceiling	Net amount
1st April, 2021	**107.42**	**(96.08)**	**11.34**	-	**11.34**
Current service cost	15.65	-	15.65	-	15.65
Past service cost	-	-	-	-	-
Interest expense/(income)	6.25	(6.18)	0.07	-	0.07
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	-	-
Total amount recognised in profit or loss	**21.90**	**(6.18)**	**15.72**	-	**15.72**
Remeasurements	-	-	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	(2.58)	(2.58)	-	(2.58)
(Gain)/loss from change in demographic assumptions	-	-	-	-	-
(Gain)/loss from change in financial assumptions	(3.06)	-	(3.06)	-	(3.06)
Experience (gains)/losses	2.53	-	2.53	-	2.53
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	-	-
Total amount recognised in other comprehensive income	**(0.53)**	**(2.58)**	**(3.11)**	-	**(3.11)**
Contributions:	-	-	-	-	-
Employers	-	-	-	-	-
Plan participants	-	(12.00)	(12.00)	-	(12.00)
Benefit payments	(15.01)	15.01	-	-	-
31st March, 2022	**113.78**	**(101.83)**	**11.95**	-	**11.95**

	Present value of obligation	Fair value of plan assets	Total	Impact of asset ceiling	Net amount
1st April, 2022	**113.78**	**(101.83)**	**11.95**	-	**11.95**
Current service cost	12.72	-	12.72	-	12.72
Past service cost	-	-	-	-	-
Interest expense/(income)	6.66	(7.12)	(0.46)	-	(0.46)
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	-	-
Total amount recognised in profit or loss	**19.38**	**(7.12)**	**12.26**	-	**12.26**
Remeasurements	-	-	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.51)	(0.51)	-	(0.51)
(Gain)/loss from change in demographic assumptions	-	-	-	-	-
(Gain)/loss from change in financial assumptions	(2.29)	-	(2.29)	-	(2.29)
Experience (gains)/losses	23.11	-	23.11	-	23.11
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	-	-
Total amount recognised in other comprehensive income	**20.82**	**(0.51)**	**20.31**	-	**20.31**
Contributions:					
Employers	-	-	-	-	-
Plan participants	-	(30.08)	(30.08)	-	(30.08)
Benefit payments	(30.27)	30.27	-	-	-
31st March, 2023	**123.72**	**(109.27)**	**14.45**	-	**14.45**

The net liability disclosed above relates to funded and unfunded plans are as follows:

	31st March, 2023	31st March, 2022
Present value of funded obligations	**123.72**	113.78
Fair value of plan assets	**(109.27)**	(101.83)
Funded status	**14.45**	1195
Effect of asset ceiling	**–**	–
Net defined benefit liability (asset)		
- Current obligation	**14.45**	11.95
- Non- current obligation	**–**	–
Total	**14.45**	11.95

Major Category of Plan Assets as a % of the Total Plan Assets

Life Insurance Corporation of India	**100%**	100%

Significant estimates: actuarial assumptions and sensitivity
The significant actuarial assumptions were as follows:

	31st March, 2023	31st March, 2022
Discount rate	**7.5% p.a.**	6.75% p.a.
Salary Growth Rate	**5.00% p.a.**	5.00% p.a.
Attrition Rate	**30.00% p.a.**	30.00% p.a.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees lakhs unless otherwise stated)

Sensitivity Analysis

The sensitivity analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of sensitivity analysis from previous year.

	Defined Benefit Obligation	
	As At 31st March, 2023 ₹ lakhs	As At 31st March, 2022 ₹ lakhs
Discount Rate + 100 basis points	**120.80**	111.07
Discount Rate - 100 basis points	**126.81**	116.65
Salary Increase Rate + 1%	**126.86**	116.69
Salary Increase Rate – 1%	**120.70**	110.99
Attrition Rate + 1%	**123.57**	113.56
Attrition Rate – 1%	**123.87**	113.98

Leave encashment - unfunded

	As At 31st March, 2023 ₹ lakhs	As At 31st March, 2022 ₹ lakhs
	Present value of obligation	**Present value of obligation**
Opening Balance	**79.48**	81.71
Current service cost	**18.65**	17.98
Past service cost	-	-
Interest expense/(income)	**4.71**	4.65
Total amount recognised in profit or loss	**23.36**	**22.63**
Remeasurements	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	-
(Gain)/loss from change in demographic assumptions	-	-
(Gain)/loss from change in financial assumptions	-	-
Experience (gains)/losses	**(1.61)**	(10.11)
Change in asset ceiling, excluding amounts included in interest expense	-	-
Total amount recognised in other comprehensive income	**(1.61)**	**(10.11)**
Contributions: Employers	-	-
Plan participants	-	-
Benefit payments	**(19.49)**	(14.75)
Closing Balance	**81.74**	**79.48**
- Current obligation	**33.00**	**32.00**
- Non- current obligation	**48.74**	**47.48**

The significant actuarial assumptions were as follows:

	31st March, 2023	31st March, 2022
Discount rate	**7.5% p.a.**	6.75% p.a.
Salary Growth Rate	**5.00% p.a.**	5.00% p.a.
Attrition Rate	**30.00% p.a.**	30.00% p.a.

Sensitivity Analysis

	Defined Benefit Obligation	
	As At 31st March, 2023 ₹ lakhs	As At 31st March, 2022 ₹ lakhs
Discount Rate + 100 basis points	**79.92**	77.72
Discount Rate - 100 basis points	**83.66**	81.34
Salary Increase Rate + 1%	**83.70**	81.36
Salary Increase Rate – 1%	**79.85**	77.67
Attrition Rate + 1%	**81.90**	79.59
Attrition Rate – 1%	**81.58**	79.37

[b] State plans (contribution scheme)

The Company deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund for the benefit of the employees. Accordingly, the Company's contribution during the year that has been charged to statement of profit and loss amounts to ₹ 74.99 Lacs (Previous year : ₹ 63.52 Lacs).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees lakhs unless otherwise stated)

Note 15: Other expenses

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Repairs and maintenance - others	**17.11**	10.14
Rent (Refer note 22)	**51.12**	48.00
Printing and stationery	**3.23**	1.50
Travelling and conveyance	**113.69**	28.82
Advertisement / sales promotion	**68.76**	55.88
Legal expenses	**58.11**	8.23
Consultancy / professional fees	**75.33**	42.93
Postage and telephone	**6.69**	4.43
Insurance	**13.64**	14.17
Information technology services	**216.28**	91.17
Training and development	**25.01**	0.22
Bad debts written-off	**2.02**	9.77
Provisions for doubtful debts and other financial assets	**(45.02)**	81.92
Loss on sale of property, plant and equipment - Net	**(0.05)**	0.17
Payment to the auditors [Refer note 15(a)]	**5.30**	4.61
Expenditure towards corporate social responsibility activities [Refer note 15(b)]	**–**	-
Miscellaneous	**10.45**	5.62
Total other expenses	**621.67**	**407.58**

Note 15 (a): Details of payments to auditors

Payment to auditors (excluding GST)		
As auditor:		
Audit fees	**4.22**	3.50
Tax audit fees	**1.08**	1.00
Fees for other services	**-**	-
Re-imbursement of expenses	**-**	0.11
Total payments to auditors	**5.30**	4.61

Note 16: Income tax expense

(a) Income tax expense

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Current tax		
Current tax on profits/(losses) for the year	**189.55**	4.72
Tax pertaining to prior years	**–**	–
Total current tax expense	**189.55**	**4.72**
Deferred tax		
Decrease / (increase) in deferred tax assets	57.29	**21.38**
(Decrease) / increase in deferred tax liabilities	3.05	**1.45**
Total deferred tax expense/(benefit)	**60.34**	**22.83**
Income tax expense	**249.89**	**27.55**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Profit/(Loss) before income tax expenses	784.29	46.14
Indian tax rate	0.25	0.25
Tax based on normal tax rate	197.39	11.61
Items not considered while determining taxable profits	62.01	8.47
Other Timing Differences	(9.51)	7.47
Total tax expense	**249.89**	**27.55**

Note 17: Earnings per equity share

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Profit/(Loss) after tax	**534.40**	18.59
Weighted average number of shares outstanding	**4,50,008**	4,50,008
Basic and diluted earnings per share (₹)	**118.75**	**4.13**

Note: There are no dilutive instruments.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees lakhs unless otherwise stated)

Note 18: Financial Instruments and Fair Value Disclosures

Particulars	Notes	As at 31st March, 2023		As at 31st March, 2022	
		Carrying value	Fair value	Carrying value	Fair value
A. Financial assets					
a) Measured at amortised cost					
i) Trade receivables	6(b)	996.04	996.04	1,073.39	1,073.39
ii) Cash and cash equivalents	6(c)	186.52	186.52	67.01	67.01
iii) Others	6(d)	82.02	82.02	67.24	67.24
iv) Investment in Bank Deposit	3(b)	500.00	500.00	-	-
Sub-total		**1,764.58**	**1,764.58**	1,207.64	1,207.64
b) Measured at fair value through profit or loss					
i) Investments in mutual funds	6(a)	1,135.04	1,135.04	486.69	486.69
Sub-total		**1,135.04**	**1,135.04**	486.69	486.69
Total financial assets		**2,899.62**	**2,899.62**	1,694.33	1,694.33
B. Financial liabilities					
a) Measured at amortised cost					
i) Other financial liabilities-non current	9(a)	146.67	146.67	36.02	36.02
ii) Trade payables	9(b)	324.61	324.61	113.43	113.43
iii) Other financial liabilities - current	9(c)	475.29	475.29	170.26	170.26
Total financial liabilities		**946.57**	**946.57**	319.71	319.71

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities. The Mutual Funds are valued using the closing NAV.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

The fair value of trade receivables and payables is considered to be equal to the carrying amounts of these items due to their short – term nature.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2023	As at 31st March, 2022
		Fair value	Fair value
A . Financial Assets			
a) Measurement at amortised cost			
i) Other Financial Assets	3	500.00	-
b) Measured at fair value through profit or loss			
i) Investment Funds	1	1135.04	486.69
Total financial assets (a+b)		**1635.04**	**486.69**
B . Financial Liabilities			
a) Measurement at amortised cost			
i) Other Financial liabilities	3	90.00	-
Total financial Liabilities		**90.00**	-

There are no transfers between Level 1, Level 2 and Level 3 during the year.

Note 19: Financial risk management

The Company's activities expose it to primarily Credit Risk and Liquidity Risk, which are not material given the nature of business and limited risk undertaken by the Company.

The Company's risk management framework is designed to bring robustness to the risk management processes within the company and to address the risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

a) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company's investment decisions relating to deployment of surplus liquidity are guided by the tenets of safety, liquidity and return. The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. Investments are made with a range of maturities, generally matching the projected cash flows and spreading the same across wide range of counterparties.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

Current

Particulars	As at 31st March, 2023				
	Contractual cash flows *				
	Carrying value	0 - 1 month	1 - 3 months	More than 3 months	Total
Trade payables	**324.61**	-	**324.61**	-	**324.61**
Other financial liabilities	**475.29**	-	**369.70**	**105.59**	**475.29**
Total	**799.90**	-	**694.31**	**105.59**	**799.90**

Particulars	As at 31st March, 2022				
	Contractual cash flows *				
	Carrying value	0 - 1 month	1 - 3 months	More than 3 months	Total
Trade Payable	113.43	-	113.43	-	113.43
Other financial liabilities	170.26	-	154.47	15.79	170.26
Total	**283.69**	-	**267.90**	**15.79**	**283.69**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees lakhs unless otherwise stated)

Non-**Current**

Particulars	As at 31st March, 2023				
	Contractual cash flows *				
	Carrying value	1 - 2 years	2 - 3 years	More than 3 years	Total
Other financial liabilities	146.67	139.38	7.29	-	146.67
Total	146.67	139.38	7.29	-	146.67

Particulars	As at 31st March, 2022				
	Contractual cash flows *				
	Carrying value	1 - 2 years	2 - 3 years	More than 3 years	Total
Other financial liabilities	36.02	21.03	13.38	1.61	36.02
Total	**36.02**	**21.03**	**13.38**	**1.61**	**36.02**

* The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a contract which may lead to a financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

The Company has a policy of extending credit only after due approvals and evaluation in terms of the agreed terms. Based on negotiations, bank guarantee is also taken from some of the customers to whom credit is extended, but adjustment to the same are made only based on mutual agreement. Such credit limits extended to trade receivables are monitored by the management committee and protective action initiated to recover the amount. In view of the short nature of its trade receivables, the Company makes provision for bad and doubtful debts on an individual basis. Write offs are made with the approval of the Board of Directors.

Trade receivables are initially measured at transaction value, which is the fair value and subsequently retained at cost less provision for impairment. Impairment losses are recognized in the profit or loss where there is objective evidence that the Company will not be able to collect all the due amounts.

Interest is generally not charged and / or paid on customer balances.

There are no significant concentrations of credit risk with respect to trade receivables due to the diverse customer base. Our historical experience of collecting receivables, supported by the level of default, so trade receivables are considered to be a single class of financial assets. All Customer balances which are overdue for more than 180 days are evaluated for provision and considered for expected credit loss provision on an individual basis. Based on the historic trend and expected performance of the customers, the Company, has computed expected credit loss allowances for doubtful receivables.

Movement in the provisions for impairment of trade receivables and contractually reimbursable cost is as follows:

	As at 31st March, 2023	As At 31st March, 2022
Balance at the beginning of the year	(1,096.27)	(1,014.35)
Provided during the year	43.00	(117.34)
Adjusted during the year	2.02	35.42
Balance at the end of the year	(1,051.25)	**(1,096.27)**

c) Foreign currency risk

The company undertakes transactions denominated in foreign currency (mainly US Dollar) which are subject to the risk of exchange rate fluctuations. Financial liabilities denominated in foreign currency are also subject to reinstatement risks.

The carrying amounts of foreign currency denominated financial liabilities are as follows:

As at 31st March, 2023	Total (Rs. lakhs)
Financial liabilities (USD)	32.00

As at 31st March, 2022	Total (Rs. lakhs)
Financial liabilities (USD)	**20.02**

Note 20: Capital Management

Risk Management

The Company's financial strategy aims to provide adequate capital for its growth plans in 'upscale to mid-market segment' for generating superior returns and sustained stakeholder value. The Company funds its operations mainly through internal accruals. The Company does not have borrowings and continues to invest its surplus funds for its future growth as a going concern within the tenets of Safety, Liquidity and Returns.

Note 21: Related party disclosures

a) Names of related parties and nature of relationship:

i) Where control exists:

Holding Company	ITC Limited

ii) Key Management Personnel:

Nakul Anand	Non-Executive Chairman
Samir Mecherivalappil Chandrasekharan	Managing Director
Anil Chadha	Non-Executive Director
Ashish Thakar	Non-Executive Director

iii) Other related parties with whom transactions have taken place during the year :

Associate of Holding Company	International Travel House Limited
Entity under control of the ITC Group	ITC Infotech India Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees lakhs unless otherwise stated)

b) Summary of transactions / balances :

	Transactions / balances	Holding Company		Other Related Parties		Key Management Personnel	
		31st March, 2023	31st March, 2022	31st March, 2023	31st March, 2022	31st March, 2023	31st March, 2022
1	Sale of services Operating and marketing fees * Recoveries of salary *	91.25 69.18	18.93 96.71	– –	– –	– –	– –
2	Purchase of services * - ITC Limited - International Travel House Limited - ITC Infotech India Limited	7.57 – –	3.54 – –	– 49.66 7.08	– 21.80 7.08	– – –	– – –
3	Rent *	26.91	26.91	–	–	–	–
4	Remuneration of managers / staff on deputation recovered						
	- ITC Limited	-	17.58	–	–	–	–
5	Remuneration of managers on deputation reimbursed ((including remuneration of Managing Director) ₹ 236.29 lakhs (Previous year - ₹ 197.83 lakhs) as disclosed below)	858.57	568.70	–	–	–	–
6	Dividend payments	–	–	–	–	–	–
7	Expense recovered during the year (amount due on account of payments made on behalf of related parties) - ITC Limited	2.06	-	–	–	–	–
8	Expense reimbursed during the year (amount due to related parties on account of payments made by them on behalf of the Company) - ITC Limited - International Travel House Limited	332.25 –	133.07 –	– –	– -	– –	– –
9	Remuneration to Key Management Personnel #@ - Samir Mecherivalappil Chandrasekharan (Includes ₹ 236.29 Lacs (Previous year - ₹ 197.83 Lacs) paid to ITC Limited as disclosed above)	–	–	–	–	257.43	209.63
10	Closing Balances: (i) Trade receivables - ITC Limited (ii) Trade payables - ITC Limited - International Travel House Limited (iii) Other financial liabilities - Current - ITC Limited (iv) Other financial liabilities - Non current - ITC Limited	18.24 4.68 – 168.55 56.67	10.75 8.77 – 60.37 36.02	– – 1.01 – –	– – 1.21 – –	– – – – –	– – – – –

* Includes Goods and Services Tax.

\# Subject to approval of the Shareholders in General Meeting.

@ Excludes ESOS / ESAR (Refer Note 24)

Note 22 Lease arrangements

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office etc.). These leasing arrangements which are cancellable range between 11 months and 2 years generally, or longer, and are usually renewable/cancellable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under Note 15.

Note 23 Segment reporting

The operating segment of the company has been identified in a manner consistent with the internal reporting provided to the Management Committee headed by the Managing Director. The Committee is the chief operating decision maker based on which there is only one operating segment in which the company operates i.e. operating hotels in the mid - market to upscale segment and within one geographical segment i.e. India. The Company is not reliant on revenues from operations with any single operating hotel, customer and does not receive 10% or more of its revenue from operating fee from any single external operating hotel. All the non-current assets are located in India.

Note 24 Employee share based compensation

(i) The eligible employees of ITC Limited (ITC), who are deputed to the Company at its request, are covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of ₹ 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. The options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

ITC ESAR:

Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation units (SARs) vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

(ii) The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

(iii) The summary of movement of such stock options granted by ITC (ITC ESOS) and status of the outstanding options is as under:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees lakhs unless otherwise stated)

Particulars	As at 31st March, 2023	As at 31st March, 2022
	No. of Options	No. of Options
Outstanding at the beginning of the year	44,235	53,765
Add: Granted during the year *	9,950	5,750
Add / (Less) : Options due to transfer in and transfer out	-	-
Add : Options due to transfer in and transfer out	8,603	-
Less: Options Forfeited / Surrendered during the year	2,488	10,900
Less: Exercised during the year	16,513	4,380
Outstanding at the end of the year	43,787	44,235
Options exercisable at the end of the year	27,542	36,700
Options Vested and Exercisable during the year	2,640	765

* Includes 7,150 (Previous year 3,650) stock options granted to the Key Management Personnel of the Company. Since such stock options are not tradable, no perquisite or benefit is immediately conferred upon an employee by such grant.

Note : The Weighted average exercise price of the stock options granted to all optionees under the ITC ESOS is computed by ITC as a whole.

(iv) In accordance with Ind AS 102, an amount of ₹ 35.28 Lacs (Previous Year ₹ 8.90 Lacs) towards ITC ESOS and ₹ 188 Lacs (Previous year - ₹24.74 Lacs) towards ITC ESAR has been recognized as employee benefits expense (Refer Note 14). Such charge has been recognized as employee benefits expense with corresponding impact in current/ non – current financial liabilities, as applicable.

Out of the above, amount attributable to key management personnel for ITC ESOS ₹ 23.77 Lacs (Previous Year ₹ 6.71 Lacs) and ₹ 93.69 Lacs (Previous year ₹ 11.31 Lacs) for ITC ESAR respectively.

Note 25 Other Disclosure

Previous Year's figures have been regrouped/re-casted wherever necessary, so as to make them comparable.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

- Ind AS 1, 'Presentation of Financial Statements' - The amendments require companies to disclose their material accounting policies rather than their significant accounting policies.
- Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments clarify how companies account for deferred tax on transactions such as leases.
- Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – This amendment has introduced a definition of 'accounting estimates' and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these amendments.

Note 26 Commitments

Estimated amount of contracts remaining to be executed on capital accounts (net of advances): Nil (Previous Year - ₹ 2.78 lakhs)

Note 27 Accounting Ratios

Ratio	Current period	Previous period	% Variance	Reason of Variance
Current Ratio	1.98	2.72	-26.96%	Current year operations has increased significantly which has led to higher payables as compared to previous financial year
Return on Equity	24.48%	0.97%	2413.18%	Healthy growth in business operations in the current year contributed to an improvement in ratio.
Trade Receivables Turnover Ratio	4.21	2.17	93.93%	Improvement in the current year is on account of higher collection contributing to reducing in overall outstanding
Trade Payables Turnover Ratio	19.91	23.03	-13.57%	Current year operations has increased significantly which has led to higher trade payables as compared to previous financial year
Net Capital Turnover Ratio	3.60	2.31	55.95%	Healthy growth in business operations in the current year contributed to an improvement in ratio.
Net Profit Ratio	12.26%	0.74%	1551.18%	Healthy growth in business operations in the current year contributed to an improvement in ratio.
Return on Capital Employed	32.10%	2.40%	1237.67%	Healthy growth in business operations in the current year contributed to an improvement in ratio.
Return on Investment	6.41%	3.93%	63.21%	Returns are higher due to better retuns on investments in Mutual Funds

Note:

1. Debt-Equity Ratio, Debt Service Coverage Ratio, Inventory Turnover Ratio are not applicable to the company.

Note 28 The Financial statements were authorised for issue by the directors on 15th April, 2023.

For SRBC & CO LLP
Firm Registration No. : 324982/E300003

Ajay Bansal
Partner
Membership Number: 502243

Place : Gurugram
Date : 15th April, 2023

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 15th April, 2023

Ashish Thakar
Director
DIN 09383474

Place : Gurugram
Date : 15th April, 2023

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. Your Directors submit their Report for the financial year ended 31st March, 2023.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company earned license fees of ₹ 210.28 lakhs (previous year: ₹ 110.82 lakhs) representing an increase of about 90% over the previous year. The Other Income of the Company was ₹ 64.57 lakhs (previous year: ₹ 49.81 lakhs) and profit for the year was ₹ 191.73 lakhs (previous year: ₹ 114.45 lakhs).

The financial results of your Company, summarised, are as under :

	Particulars	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
Profits			
a.	Profit Before Tax	**256.21**	152.94
b.	Less: Tax Expense		
	- Current Tax	**61.01**	35.92
	- Deferred Tax	**3.47**	2.57
c.	Profit for the year	**191.73**	114.45
d.	Other Comprehensive Income	–	–
e.	Total Comprehensive Income	**191.73**	114.45
Retained Earnings			
a.	At the beginning of the year	**1,866.71**	1,760.57
b.	Add: Profit for the year	**191.73**	114.45
c.	Less: Dividend Paid	**8.31**	8.31
d.	At the end of the year	**2,050.12**	1,866.71

3. **DIVIDEND**

Your Directors are pleased to recommend a final dividend of ₹ 80/- (previous year: ₹ 70/-) per Equity Share of ₹ 100/- each for the year ended 31st March, 2023. Total cash outflow in this regard will be ₹ 9,50,000/- (previous year: ₹ 8,31,250/-).

4. **OPERATIONAL PERFORMANCE**

The Company's Hotel in Port Blair, licensed to ITC Limited ('ITC'), the holding company, continues to offer a unique gateway to the Andamans with its strategic location, excellent architectural design and superior quality. The operation and marketing of the Hotel is managed by ITC.

The hospitality industry has shown progressive improvement during the year led by retail and MICE segments. The performance of the Hotel was, however, affected due to the ongoing renovation activities at Port Blair airport, which impacted its connectivity with the mainland.

5. **DIRECTORS**

(a) Changes in Directors

During the year under review, there were no changes in the composition of the Board of the Company:

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Articles 143 and 144 of the Articles of Association of the Company, Mr. Nakul Anand (DIN: 00022279) and Mr. Samir M.C. (DIN: 08064002), Directors, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company and being eligible, offer themselves for re-appointment. Your Board has recommended their re-appointment.

6. **BOARD COMPOSITION AND MEETINGS**

The present composition of your Board is as follows:

Mr. N. Anand	-	Non-Executive Director
Mr. A. Chadha	-	Non- Executive Director
Mr. A. Thakar	-	Non- Executive Director
Mr. Samir M.C	-	Non-Executive Director
Mr. G. H. C. Jadwet	-	Non-Executive Director

Four meetings of the Board were held during the year ended 31st March, 2023.

7. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

8. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

9. **PARTICULARS OF EMPLOYEES**

The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure1** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has an Internal Complaints Committee as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder.

During the year, no complaint for sexual harassment was received.

10. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. The risk management framework of the Company is designed to bring robustness to the risk management processes, addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

A combination of policies and processes as outlined above adequately addresses the various risks associated with the Company's businesses.

11. **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations.

During the year under review, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes are undertaken to ensure that such systems are reinforced on an ongoing basis.

12. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year ended 31st March, 2023, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

13. **RELATED PARTY TRANSACTIONS**

During the year under review, all contracts or arrangements entered into by your Company with its related parties were in the ordinary course of business and on arms' length basis.

The details of material related party transaction of the Company in prescribed Form AOC-2 are provided in **Annexure 2** to this Report.

14. DEPOSITS

Your Company has not accepted any deposit from the public / members under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

15. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material order was passed by any Regulator / Court / Tribunal impacting the going concern status of the Company or its future operations.

16. COST RECORDS

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

17. STATUTORY AUDITORS

Messrs. S B Dandeker & Co. ('SBD'), Chartered Accountants were appointed as the Company's Statutory Auditors for a period of five years from the conclusion of the Forty Sixth AGM held in 2022 till the conclusion of Fifty First AGM of the Company.

Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of SBD, to conduct the statutory audit of the Company for the financial year 2023-24. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the ensuing AGM of the Company.

There is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report on the financial statements of the Company for the year ended 31st March, 2023.

18. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy

The Company is committed to maintain eco-friendly and energy conservation practices at its hotel and has accordingly, implemented several eco-friendly processes for energy and water conservation, waste management disposal and measures to control water, noise and environmental pollution.

The Company continues to make all efforts to keep energy consumption at an optimum level.

The Company utilises renewable energy in the form of solar photovoltaic systems and solar water heating equipment to reduce the heating load on hot water systems.

Technology Absorption

The Company is in the hotels business which is a service industry and no specific knowhow or technology was imported by the Company during the year. The Company has not carried out any activities which can be construed as a research and development activity. However, the Company continues to adopt and use the latest technologies to improve the efficiency and effectiveness of its operations leading to product improvement, cost reduction, product development or import substitution.

Foreign Exchange Earnings and Outgo

During the year under review, there were no foreign exchange earnings or outgo.

20. ACKNOWLEDGEMENT

Your Directors acknowledge the assistance and support rendered by all the stakeholders and look forward to the future with confidence.

	On behalf of the Board	
	Ashish Thakar	**Samir M.C.**
Dated : 15th April, 2023	**Director**	**Director**
Place : Gurugram		

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2023

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Names of Employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
Nishant Pritam Raj	26	Finance Manager	8,13,685	7,41,167	CMA, CS	1.5	14.03.2022	Castex Technologies Limited, Company Secretary & Compliance officer
Gaurav Sakkarwal	32	Sous Chef	6,91,350	6,29,368	Bachelor of Hotel Management	7	01.12.2016	Fortune Park Hotels Limited, Jr. Sous Chef
Agnatus Kindo	57	Jr. Executive	4,97,032	4,71,664	Intermediate	37	01.07.1986	Nil
Gour Hari Roy	45	Executive	4,56,297	4,31,559	B.A Graduate	17	28.01.2017	Fortune Resort Bay Island, Purchase Assistant
Joy Kutty	55	Sr. Captain	4,34,214	4,08,807	Intermediate	31	12.01.1993	Fortune Resort Bay Island, F&B Associate
Nimbulal	55	Sr. Supervisor	4,31,453	4,05,928	Intermediate	33	01.01.1989	Nil
Sukumar	37	Sr. Supervisor	4,24,497	3,99,642	B.Com	15	19.08.2008	Babu & Badat, CA Firm, Data Entry Operator
Pallav Nirmal Kumar	37	Front Office Manager	4,18,116	3,79,325	Bachelor of Hotel Management	12	05.07.2021	Front Office Manager - WH Ahmedabad
Matul Rakshit	48	CDP	4,17,252	3,91,806	Intermediate	17	01.03.2006	Fortune Resort Bay Island, DCDP
Abdul Rehman	57	Sr. Supervisor	4,14,977	3,89,647	Intermediate	38	16.09.1985	Nil

Notes :

a. Gross Remuneration includes salary, variable pay/performance bonus, allowances & other benefits / applicable perquisites, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

b. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

c. All appointments are/were contractual in accordance with terms and conditions as per the Company's Rules.

d. The aforesaid employees are neither relative of any Director of the Company nor hold any equity share in the Company.

On behalf of the Board

Dated : 15th April, 2023
Place : Gurugram

Ashish Thakar — **Director**
Samir M.C. — **Director**

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2023

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the holding company ('ITC')
b)	Nature of contracts / arrangements / transactions	Operating License Agreement ('Agreement') with ITC for operating Company's Hotel 'Welcomhotel Bay Islands' ('Hotel')
c)	Duration of the contracts / arrangements / transactions	50 years effective 15th March, 1993
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	ITC pays an annual license fees of 15% of Net Operating Income of the Hotel or ₹ 25 Lakhs, whichever is higher, to the Company. Total license fees received from ITC vide this Agreement, during the year was ₹ 248.13 Lakhs (including applicable taxes)
e)	Date(s) of approval by the Board, if any	–
f)	Amount paid as advances, if any	Nil

On behalf of the Board

Ashish Thakar — **Director**
Samir M.C. — **Director**

Dated : 15th April, 2023

Place : Gurugram

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BAY ISLANDS HOTELS LIMITED

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of M/s. Bay Islands Hotels Limited ("the Company") which comprises the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, Statement of changes in equity and Cash flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. We have determined that there are no Key Audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the report of the Board of Directors, but does not include the financial statements and our auditor's report thereon. The report of the Board of Directors is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the report of the Board of Directors, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility 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 SAs 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 SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the Order) issued by the Central Government in terms of Section 143 (11) of the Act, we enclosed in the Annexure-A, a statement on matters specified in paragraph 3 & 4 of the said order.
2. (A) As required by section 143(3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c. The Balance Sheet, the Statement of Profit and Loss, Statement of changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
   e. On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

   (B) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   i) The Company has pending litigations which could impact its financial position, in the nature of disputed claims against the company amounting to Rs.105.08 lakhs. Attention is drawn to Note no. 22(v) of the financial statements for details.
   ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
   iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
   iv) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
      - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
      - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

      (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
      - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
      - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

      (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) contain any material mis-statement.
   v) (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
      (b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable
   vi) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act, no remuneration has been paid by the Company to its directors during the current year and hence compliance with the provisions of Section 197 of the Act is not applicable.

For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

Kedarashish Bapat
Partner
M.No.- 057903

UDIN: 23057903BGVDZN1832

Place: Port Blair,
Date: 17th April 2023

ANNEXURE "A" TO THE AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its Property, Plant & Equipment:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, Plant & Equipment.

(B) The Company has no Intangible Assets.

(b) The Property, Plant & Equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the Property, Plant & Equipment at reasonable intervals. According to the information and explanations given to us, no discrepancies noticed on physical verification of Property, Plant & Equipment as compared to book records.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.

(d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) No proceedings have been initiated or are pending against the company for holding any Benami property under the "Benami Transactions (Prohibition) Act, 1988 and Rules made there under.

(ii) (a) The company did not hold any inventory during the year.

(b) The Company has not been sanctioned any working capital limits in excess of Rs. 5 crores, in aggregate, from banks or financial institutions on the basis of security of current assets at any time during the year.

(iii) The company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties during the year.

(iv) The Company has not granted any loans, made investments or provided guarantees during the year, to which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit deemed to be deposits during the year and therefore directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under in this regard are not applicable.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. We are informed that the Company's operations did not give rise to any dues on account of Excise duty.

(b) There were no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income tax, Service tax, Customs duty, Value added tax, Sales tax, Goods & Services Tax, Cess and other material statutory dues in arrears as at 31st March, 2023 for a period of more than six months from the date they became payable. We are informed that the Company's operations did not give rise to any dues on account of Excise duty.

(c) The company has disputed dues of Rs.105.08 lakhs on account of Service tax claims including interest claim of Rs.33.99 lakhs. Except for this, there are no other disputed dues in respect of Sales tax, Customs duty, Excise duty and Value added tax as at 31st March 2023 which have not been deposited on account of dispute.

(viii) There were no such transactions which were not recorded in the books of account of the company that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) The company has not taken loans or other borrowings from any lender and hence clause (ix) of the Order is not applicable.

(x) (a) The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(b) No report under sub-Section (12) of Section 143 of the Companies Act has been filed by the auditors during the year

(c) There were no whistle-blower complaints, received during the year by the Company, to be considered by the auditors.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2020 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) (a) The company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Audit for the period under audit have been considered by us in the process of our audit of the financial statements.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, and therefore sub clauses (b), (c) & (d) of clause (xvi) of the Order are not applicable.

(xvii) The Company has not incurred cash losses in the Financial Year and in the immediately preceding Financial year.

(xviii) There has been no resignation of the statutory auditors during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements of the company, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that the company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

(xx) Provisions of section 135 relating to Corporate Social Responsibility are not applicable to the company.

(xxi) The company is not required to prepare Consolidated Financial Statements and therefore provisions of clause (xxi) of the Order are not applicable.

For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

Kedarashish Bapat
Partner
M.No.- 057903
UDIN: 23057903BGVDZN1832
Place: Port Blair,
Date: 17th April 2023

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 ofSection 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Bay Islands Hotels Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated inthe Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds anderrors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become in adequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For and on behalf of

S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

Kedarashish Bapat
Partner
M.No.- 057903
UDIN: 23057903BGVDZN1832
Place: Port Blair,
Date: 17th April 2023

BALANCE SHEET AS AT 31ST MARCH, 2023

	Note		As at 31st March, 2023 (₹ in lakhs)		As at 31st March, 2022 (₹ in lakhs)
ASSETS					
Non-current Assets					
(a) Property, Plant and Equipment	3	650.31		653.42	
(b) Other non-current assets	4	19.23	669.54	23.27	676.69
Current assets					
(a) Financial Assets					
(i) Investments	5	361.07		394.25	
(ii) Trade Receivables	6	66.53		33.22	
(iii) Cash and cash equivalents	7	34.74		57.22	
(iv) Other Bank Balances	8	1,085.51		866.03	
(v) Others	9	16.96	1,564.81	14.13	1,364.85
(b) Other current assets	10		2.67		–
TOTAL ASSETS			2,237.02		2,041.54
EQUITY AND LIABILITIES					
Equity					
(a) Share Capital	11	11.88		11.88	
(b) Other Equity		2,168.44	2,180.32	1,985.03	1,996.91
Liabilities					
Non-current liabilities					
(a) Provisions	12	4.57		4.68	
(b) Deferred tax liabilities	13	30.39	34.96	26.92	31.60
Current liabilities					
(a) Financial Liabilities					
(i) Trade payables		0.26		0.24	
(ii) Other financial liabilities	14	6.67	6.93	4.75	4.99
(b) Other current liabilities	15		11.09		6.80
(c) Provisions	12		3.72		1.24
TOTAL EQUITY AND LIABILITIES			2,237.02		2,041.54

The accompanying notes 1 to 23 are an integral part of the Financial Statements.

In terms of our report attached
For S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E
Kedarashish Bapat
Partner
M.No.- 057903
Place: Port Blair
Date: 17th April, 2023

On Behalf of the Board

Ashish Thakar **Director**
Samir MC **Director**

Place: Gurugram
Date: 15th April, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

		Note	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
I	Revenue From Operations	16	210.28	110.82
II	Other Income	17	64.57	49.81
III	**Total Income (I+II)**		274.85	160.63
IV	**EXPENSES**			
	Employee benefits expense	18	12.67	3.76
	Depreciation and amortization expense	3	3.10	3.10
	Other expenses	19	2.87	0.83
	Total expenses (IV)		18.64	7.69
V	**Profit before tax (III - IV)**		256.21	152.94
VI	**Tax expense:**			
	Current Tax	20	61.01	35.92
	Deferred Tax	20	3.47	2.57
VII	**Profit for the year (V - VI)**		191.73	114.45
VIII	**Other Comprehensive Income**		–	–
IX	**Total Comprehensive Income for the year (VII+VIII)**		191.73	114.45
X	Earnings per equity share (Face value of ₹ 100 each):			
	(1) Basic (in ₹)	21	1,615	964
	(2) Diluted (in₹)	21	1,615	964

The accompanying notes 1 to 23 are an integral part of the Financial Statements.

In terms of our report attached
For S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E
Kedarashish Bapat
Partner
M.No.- 057903
Place: Port Blair
Date: 17th April, 2023

On Behalf of the Board

Ashish Thakar **Director**
Samir MC **Director**

Place: Gurugram
Date: 15th April, 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

			For the year ended 31st March, 2023		For the year ended 31st March, 2022
		(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	PROFIT BEFORE TAX		**256.21**		**152.94**
	ADJUSTMENTS FOR :				
	Depreciation expense	3.10		3.10	
	Net (gain)/loss arising on investments mandatorily measured at Fair value through profit and loss	(21.90)		(13.23)	
	Interest Income	(42.31)		(36.58)	
			(61.11)		(46.71)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		195.10		106.23
	ADJUSTMENTS FOR :				
	Trade receivables, loans, advances and other assets	(22.02)		(43.70)	
	Trade payables, other liabilities and provisions	8.60		0.19	
			(13.42)		(43.51)
	CASH GENERATED FROM OPERATIONS		181.68		62.72
	Income Tax Paid		(61.01)		(35.92)
	NET CASH FROM OPERATING ACTIVITIES		120.67		26.80
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Redemption of current investments	55.07			
	Interest Received	29.56		53.36	
	NET CASH (USED IN) / FROM INVESTING ACTIVITIES		84.63		53.36
C.	**CASH FLOW FROM FINANCIAL ACTIVITIES :**				
	Dividend Paid	(8.31)		(8.31)	
	NET CASH FLOW USED IN FINANCING ACTIVITIES		(8.31)		(8.31)
	NET INCREASE IN CASH AND CASH EQUIVALENTS		196.99		71.85
	OPENING CASH AND CASH EQUIVALENTS		923.26		851.41
	CLOSING CASH AND CASH EQUIVALENTS		1,120.25		923.26

Note:

The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in the IndAS - 7 Cash Flow Statements.
The accompanying notes 1 to 23 are an integral part of the Financial Statements.

In terms of our report attached
For S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

Kedarashish Bapat
Partner
M.No.- 057903

Place: Port Blair
Date: 17th April, 2023

On Behalf of the Board

Ashish Thakar
Director

Samir MC
Director

Place: Gurugram
Date: 15th April, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

A. Equity Share Capital

(₹ in Lakhs)

	Balance at the beginning of the reporting year	Changes in equity Share capital due to prior period errors	Restated balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2023	**11.88**	-	**11.88**	-	**11.88**
For the year ended 31st March, 2022	11.88	-	11.88	-	11.88

B. Other Equity

(₹ in Lakhs)

	Reserves and Surplus			Total
	Retained Earnings	Subsidy Reserve	General Reserve	
Balance as at 1st April, 2022	**1,866.71**	**43.38**	**74.94**	**1,985.03**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance as at 1st April, 2022	**1,866.71**	**43.38**	**74.94**	**1,985.03**
Profit for the year	191.73	-	-	191.73
Other Comprehensive Income (net of tax)	-	-	-	-
Total Comprehensive Income for the year	**191.73**	-	-	**191.73**
Dividend	8.31	-	-	8.31
Balance as at 31st March, 2023	**2,050.12**	**43.38**	**74.94**	**2,168.44**

(₹ in Lakhs)

	Reserves and Surplus			Total
	Retained Earnings	Subsidy Reserve	General Reserve	
Balance as at 1st April, 2021	**1,760.57**	**43.38**	**74.94**	**1,878.89**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance as at 1st April, 2021	**1,760.57**	**43.38**	**74.94**	**1,878.89**
Profit for the year	114.45	-	-	114.45
Other Comprehensive Income (net of tax)	-	-	-	-
Total Comprehensive Income for the year	**114.45**	-	-	**114.45**
Dividend	8.31	-	-	8.31
Balance as at 31st March, 2022	**1,866.71**	**43.38**	**74.94**	**1,985.03**

The Board of Directors recommended a dividend of ₹80 per share for the year ended 31th March, 2023, subject to deduction of income tax. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated equity dividend to be paid is ₹ 9.50 Lakhs (P.Y. 8.31 Lakhs).

Retained Earnings- It represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013

Subsidy Reserve- It represents Central Subsidy received from Andaman & Nicobar Administration.

General Reserve- This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

In terms of our report attached
For S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E
Kedarashish Bapat
Partner
M.No.- 057903
Place: Port Blair
Date: 17th April, 2023

On Behalf of the Board

Ashish Thakar — **Director**
Samir MC — **Director**

Place: Gurugram
Date: 15th April, 2023

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2016. The date of transition to Ind AS is 1st April, 2015.

(ii) Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods

(iii) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

(iv) Property, Plant & Equipment – Tangible Assets

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradations / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of Property, Plant and Equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	60 years

Land is not depreciated. Property, plant and equipments residual values and useful lives are reviewed, and are treated as changes in accounting estimates, at each balance sheet date.

(v) Impairment of Assets

Impairment loss is provided, if any, to the extent, the carrying amount of assets exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of Depreciation) had no impairment loss been recognised in previous years.

(vi) Financial instruments, Financial assets, Financial liabilities and Equity instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

a) Financial assets

Recognition: Financial assets include Investments, Trade receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at fair value or transaction price, as applicable, when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) Amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.

(b) Fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) Fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognized when the rights to receive benefits have expired or been transferred, and the Company has transferred substantially all risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income recognition: Interest income from financial assets is recognised in profit or loss using effective interest rate method, where applicable. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

b) Financial liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They fair value and are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

c) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

d) Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

(vii) Revenue

Revenue is measured at the fair value of the consideration the transaction price that the Company receives or expects to receive as consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods is shown to include Excise Duties and National Calamity Contingent Duty which are payable on manufacture of goods but excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods and services.

Revenue from the sale of goods and services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the period in which such services are rendered.

(viii) Employee Benefits

(i) **Provident Fund:** Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. The contributions are charged to the Statement of Profit and Loss of the year, when the contributions to the respective funds are due.

(ii) **Gratuity:** The Company has taken a Policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability with respect to the employees and the premium paid to LIC is charged to Statement of Profit & Loss.

(iii) **Leave Encashment:** Short term leave encashment and long term leave encashment are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method and impact of such valuation is recognised in Profit and Loss account.

(ix) Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

(x) Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

(xi) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

Right – of – Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

(xii) Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

(xiii) Dividend Distribution

Dividends paid (including income tax thereon) are recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

2. Use of Estimates and Judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Property, Plant and Equipment

(₹) in lakhs

Particulars	Gross Block							Depreciation and Amortization							Net Book Value	
	As at 1st April, 2021	Additions	Withdrawals and Adjustments	As at 31st March, 2022	Additions	Withdrawals and Adjustments	As at 31st March, 2023	Upto 1st April, 2021	For the year	Withdrawals and Adjustments	As at 31st March, 2022	For the year	Withdrawals and Adjustments	As at 31st March, 2023	As at 31st March, 2023	As at 31st March, 2022
Land	570.00	-	-	570.00	-	-	570.00	-	-	-	-	-	-	-	570.00	570.00
Buildings	105.26	-	-	105.26	-	-	105.26	18.75	3.10	-	21.85	3.10	-	24.95	80.31	83.42
TOTAL	675.26	-	-	675.26	-	-	675.26	18.75	3.10	-	21.85	3.10	-	24.95	650.31	653.42

Note :
All Assets mentioned above have been given under an operating license to the Holding Company.

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
4. Other Non-Current Assets		
Advance Tax (net of provisions)	19.23	23.27
TOTAL	19.23	23.27

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
5. Current Investments (at fair value through profit or loss)	Unquoted	Unquoted
Investment in Mutual Funds		
ICICI Prudential Liquid Fund 61,111.663 (P.Y. 61,111.66) units of Rs. 100 each	203.62	192.66
Aditya Birla Sun Life Liquid Fund Nil (P.Y. 15,353.74) units of Rs. 100 each	–	52.68
Nippon India Liquid Fund 2,859.195 (P.Y. 2,859.195) units of Rs. 1000 each	157.45	148.91
Aggregate amount of unquoted Investments	361.07	394.25

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
6. Trade Receivables		
Secured, considered good	–	–
Unsecured, considered good	66.53	33.22
Which have significant increase in credit risk	–	–
Credit impaired	–	–
Less: Allowance for Credit impairment	–	–
TOTAL	66.53	33.22

Trade receivables are initially recognized at fair value plus any directly attributable transaction costs. The net carrying value of trade receivables is not significantly different from their carrying values due to the short - term duration of trade receivables. Further, there is no significant credit risk involved with trade receivable since all the receivables are from Holding Company.

Ageing Schedule

(₹ in lakhs)

As at 31 March 2023	Not due	Outstanding for following periods from due date					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	**66.53**	-	-	-	-	-	**66.53**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivable – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**66.53**	-	-	-	-	-	**66.53**

As at 31 March 2022	Not due	Outstanding for following periods from due date					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	33.22	-	-	-	-	-	**33.22**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivable – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	33.22	-	-	-	-	-	**33.22**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
7. Cash and Cash Equivalents @		
Balances with Banks		
Current accounts	**34.75**	57.22
TOTAL	**34.74**	57.22

@ Cash and cash equivalents include cash at bank, cheques and deposits with banks with original maturity of 3 months or less.

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
8. Other Bank Balances		
In deposit accounts *	**1,085.51**	866.03
TOTAL	**1,085.51**	866.03

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from Balance Sheet Date.

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
9. Other Financial Assets		
Unsecured		
a) Interest accrued on Deposits with Bank	**12.79**	0.04
b) Others - Recoverable from Holding Company	**4.17**	14.09
TOTAL	**16.96**	14.13

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
10. Other current assets		
Deposits With Government and Public Bodies	**2.67**	–
TOTAL	**2.67**	–

	As at 31st March, 2023 No. of Shares	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 No. of Shares	As at 31st March, 2022 (₹ in lakhs)
11. Share capital				
Authorised				
Equity Share of ₹ 100 each	**90,000**	**90.00**	90,000	90.00
13.5% Redeemable Cumulative Preference Shares of ₹ 100 each	**30,000**	**30.00**	30,000	30.00
Issued and Subscribed				
Equity Shares of ₹ 100 each, fully paid	**11,875**	**11.88**	11,875	11.88
	11,875	**11.88**	11,875	11.88
A) Reconciliation of number of Equity Shares				
Shares Outstanding				
As at beginning of the year	**11,875**	**11.88**	11,875	11.88
Add: Issued During the Period	–	–	–	–
As at end of the year	**11,875**	**11.88**	11,875	11.88

B) Shareholders holding more than 5% of the Shares in the Company

	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 %	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 %
ITC Limited, the Holding Company, jointly with its nominees	**11,875**	**100**	11,875	100

C) Shares held by holding company and its nominees

	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in lakhs)
ITC Limited, the Holding Company	**11,869**	**11.87**	11,869	11.87
ITC Limited, the Holding Company, jointly with its nominees	**6**	**0.01**	6	0.01

Terms/Rights Attached to Equity Shares

The equity shares of company, having par value of ₹ 100 per share, rank pari passu in all respects including entitlement to dividend.

D) Shares held by promoters

Particulars	Promoter Name	As at 31st March, 2023			As at 31st March, 2022		
		No. of shares as at end of the year	% of Total Shares	% change during the year	No. of shares as at end of the year	% of Total Shares	% change during the year
Equity Shares of ₹ 100 each, fully paid	ITC Limited	11875	100%	–	11875	100%	–
Total		11875	100%	–	11875	100%	–

	As at 31st March, 2023 (₹ in lakhs) Current	As at 31st March, 2023 (₹ in lakhs) Non- Current	As at 31st March, 2022 (₹ in lakhs) Current	As at 31st March, 2022 (₹ in lakhs) Non-Current
12. Provisions				
Provision for employee benefits				
- Provision for Leave Encashment	**3.72**	**4.57**	0.54	4.68
- Provision for Grauity	–	–	0.70	–
TOTAL	**3.72**	**4.57**	1.24	4.68

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
13. Deferred tax liabilities		
Deferred tax liabilities	(30.39)	(26.92)
TOTAL	(30.39)	(26.92)

Movement in deferred tax (liabilities) / assets balances

2022-23 (₹ in lakhs)	Opening Balance	Recognized in profit or (loss)	Recognized in OCI	Recognized directly in Equity	Reclassified to Profit or (loss)	Closing Balance
Deferred Tax (liabilities) / assets in relation to:						
On fiscal allowances on PPE	(20.82)	0.77	–	–	–	(20.05)
Other timing differences	(6.10)	(4.24)	–	–	–	(10.34)
Deferred tax liabilities	**(26.92)**	**(3.47)**	–	–	–	**(30.39)**

2021-22 (₹ in lakhs)	Opening Balance	Recognized in profit or (loss)	Recognized in OCI	Recognized directly in Equity	Reclassified to Profit or (loss)	Closing Balance
Deferred Tax assets/ (liabilities) in relation to:						
On fiscal allowances on PPE	(21.57)	0.75	–	–	–	(20.82)
Other timing differences	(2.77)	(3.33)	–	–	–	(6.10)
Deferred tax liabilities	**(24.35)**	**(2.57)**	–	–	–	**(26.92)**

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
14. Other Financial liabilities		
Other Payables	6.67	4.75
TOTAL	6.67	4.75

	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
15. Other Current liabilities		
Statutory liabilities		
- Taxes payable (other than Income tax)	11.09	6.80
TOTAL	11.09	6.80

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
16. Revenue from operations		
Operating Licence Fee	210.28	110.82
TOTAL	210.28	110.82

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
17. Other income		
Interest income - Deposits with Banks	42.30	36.58
Interest on Income Tax Refund	0.37	–
Net Gain / (Loss) arising on financial assets designated at FVTPL*	21.90	13.23
TOTAL	64.57	49.81

* Includes Rs. 5.08 Lakhs (P.Y. Nil) being net gain on sale on investment

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
18. Employee Benefit Expenses		
Salaries and Wages	171.22	121.06
Contribution to Provident and other funds	15.61	12.27
Staff welfare expenses	1.52	0.88
	188.35	134.21
Less: Recoveries made / reimbursements received	(175.68)	(130.45)
TOTAL	12.67	3.76

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
19. Other Expenses		
Travelling and conveyance	0.76	–
Miscellaneous expenses	2.11	0.83
TOTAL	2.87	0.83
Miscellaneous expenses include :		
Auditors' remuneration and expenses*		
Audit fees	0.19	0.19
Tax audit fees	0.07	0.07
TOTAL	0.26	0.26

*Excluding taxes

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
20. Income Tax Expenses		
A. Amount Recognized in profit and loss	–	
Current tax		
Income tax for the year		
Current tax	61.01	35.92
Total Current Tax	61.01	35.92
Deferred tax		
Deferred tax for the year	3.47	2.57
Total Deferred Tax	3.47	2.57
TOTAL	64.48	38.49

B. Reconciliation of effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows:

Profit before tax	256.21	152.94
Income Tax expense calculated at 25.168% (P.Y- 25.168%)	64.48	38.49
Income Tax recognised in Statement of profit or loss	64.48	38.49

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

21. Earnings per Share

		For Year ended March 31st, 2023	For Year ended March 31st, 2022
Earnings per share has been computed as under:			
(a)	Profit for the period (₹ in lakhs)	**191.73**	114.45
(b)	Weighted average number of shares outstanding for the purpose of basic earnings per share	**11,875**	11,875
(c)	Weighted average number of shares in computing diluted earnings per share	**11,875**	11,875
(d)	Earnings per share on profit for the period (Face Value ₹ 100 per share)		
	- Basic [(a)/(b)]	**₹ 1,615**	₹ 964
	- Diluted [(a)/(c)]	**₹ 1,615**	₹ 964

22. Additional Notes to the Financial Statements

(i) Bay Islands Hotels Limited, a wholly owned subsidiary of ITC Limited, owns a hotel in Port Blair known as "Welcomhotel Bay Island". The hotel operations are under an Operating License Agreement with ITC Limited.

(ii) Related Party Transactions

Holding Company- ITC Limited

Key Management Personnel - Board of Directors

Nakul Anand
GHC Jadwet
Samir MC
Ashish Thakar
Anil Chadha

Summary of Transactions during the period

(a) Transactions with Holding Company (₹ in lakhs)

S. No.	Particulars	For the Year 2022-23	For the year 2021-22
1.	Operating Licence Fee Received*	**248.13**	130.77
2.	Expenses Reimbursed	**13.31**	10.56
3.	Expenses Recovered**	**175.68**	130.45
4.	Dividend Payment	**8.31**	8.31
5.	Balance as at period end	**70.70**	47.31
	a. Trade Receivables	**66.53**	33.22
	b. Other Recoverables	**4.17**	14.09

*Includes Goods and Services Tax

** represents recovery of staff salaries

(b) Transaction with Key Management Personnel- NIL (PY- NIL)

(iii) There are no Micro, Small and Medium Enterprises, to whom the company owes dues, which are outstanding for more than 45 days during the year and also as on March 31, 2023. This information which is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(iv) The operating segment of the Company has been identified in a manner consistent with the internal reporting provided to the Board, who is the Chief Operating Decision Maker, based on which there is only one operating segment in which the Company operates i.e. Leisure and Hospitality within one geographical segment i.e. India.

(v) Claims against the Company not acknowledged as debts Rs. 105.08 Lakhs (P.Y-Rs. 5.86 Lakhs), including interest on claims, where applicable, estimated to be Rs. 33.99 Lakhs (P.Y - Nil). These comprise:

- Service Tax claim disputed by the Company relating to issues of applicability aggregating Rs. 105.08 Lakhs (P.Y - Nil), including interest on claims, where applicable, estimated to be 33.99 Lakhs (P.Y - Nil).
- Other matters Rs. Nil (P.Y 5.86 Lakhs).

It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above

(vi) Provision for Leave Encashment - As per Actuarial Valuations as on March 31, 2023 and recognised in the financial statements under the head of Employee benefits expense.

(vii) Company as a Lessor:

a) The Company's leasing arrangements that existed during the period are in respect of agreement with Holding Company.

b) Such leasing arrangement is secured by agreements / contracts, which provide for adequate safeguards to mitigate any risk that may arise to the underlying assets given out on lease.

c) Since the lease payments from the agreement with ITC Ltd is contingent on the future Net income likely to accrue to the Hotel, the Company expects to receive a minimum of ₹25 lakhs for each of the next 5 financial years and beyond.

d) Items of property, plant and equipment disclosed under note 3 which are subject to an operating lease are mentioned below:

(₹ in lakhs)

Asset Class	As on 31st March, 2023	
	Gross Block	Net Block
Land	**570.00**	**570.00**
Building	**105.26**	**83.41**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(viii) **Ageing of Trade payables :**

(₹ in lakhs)

As on 31st March, 2023	Not Due	Unbilled Payable	Outstanding for following periods from due date of payment				Total
			Less than 1 Year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-	-
Others	-	0.26	-	-	-	-	0.26
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	**-**	**0.26**	**-**	**-**	**-**	**-**	**0.26**

(₹ in lakhs)

As on 31st March, 2022	Not Due	Unbilled Payable	Outstanding for following periods from due date of payment				Total
			Less than 1 Year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-	-
Others	-	0.24	-	-	-	-	0.24
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	**-**	**0.24**	**-**	**-**	**-**	**-**	**0.24**

(ix) **Key Financial Ratios :**

Ratio	Numerator	Denominator	2022-23	2021-22	Reasons for Variance
Current Ratio (in times)	Current Assets	Current Liabilities	72	105	Due to increase in other Bank Balances in C.Y.
Return on Equity (in %)	Profit for the year	Average Shareholder's Equity	9%	6%	Due to improvement in business performance in C.Y.
Trade Receivables turnover ratio (in times)	Revenue From Operations	Average Trade Receivables	4	5	
Trade Payables turnover ratio (in times)	Revenue From Operations	Average Trade Payables	843	312	Small change in absolute amount and low base in C.Y.
Net Capital turnover Ratio (in times)	Revenue From Operations	Working Capital	0.1	0.1	
Net Profit Ratio (in %)	Profit for the year	Revenue from Operations	91%	103%	
Return on Capital employed (in %)	Profit before tax	Average Capital Employed	12%	8%	Due to improvement in business performance in C.Y.
Return on Investment (in %)	Income from investment	Average Investment	6%	3%	Due to enhanced yield from investment in C.Y.

Debt-Equity Ratio, Debt Service Coverage Ratio and Inventory Turnover Ratio are not applicable to the Company.

(x) There are no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the year.

(xi) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

- Ind AS 1, 'Presentation of Financial Statements' - The amendments require companies to disclose their material accounting policies rather than their significant accounting policies.
- Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments clarify how companies account for deferred tax on transactions such as leases.
- Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – This amendment has introduced a definition of 'accounting estimates' and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these amendments.

(xii) The financial statements were approved for issue by the Board of Directors on 15th April, 2023

23. Financial Instruments and Related Disclosures

1. Capital Management

The Company's financial strategy aims to foster its strategic priorities and provide adequate capital to its business for growth and creation of sustainable stakeholder value. The Company funds its operations mainly through internal accruals and has no borrowings. The Company aims at maintaining adequate capital so as to maintain adequate supply of funds towards future growth of its business as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2. Categories of Financial Instruments

	Particulars	Note	As at 31st March 2023 (₹ in lakhs)		As at 31st March 2022 (₹ in lakhs)	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A.	**Financial Assets**					
a)	**Measured at amortised cost**					
	i) Trade Receivables	6	**66.53**	**66.53**	33.22	33.22
	ii) Cash and cash Equivalents	7	**34.74**	**34.74**	57.22	57.22
	iii) Other Bank Balances	8	**1,085.51**	**1,085.51**	866.03	866.03
	vi) Other Financial Assets	9	**16.96**	**16.96**	14.13	14.13
	Sub Total		**1,203.74**	**1,203.74**	970.60	970.60
b)	**Measured at Fair Value through Profit & Loss**					
	i) Investment in Mutual Fund	5	**361.07**	**361.07**	394.25	394.25
	Total Financial Assets		**1,564.81**	**1,564.81**	1,364.85	1,364.85
B.	**Financial Liabilities**					
a)	**Measured at amortised cost**					
	i) Trade Payables		**0.26**	**0.26**	0.24	0.24
	ii) Others	14	**6.67**	**6.67**	4.75	4.75
	Total Financial Liability		**6.93**	**6.93**	4.99	4.99

3. Financial risk management objectives

The Company's activities expose it to financial risks such as market risk, credit risk and liquidity risk. Given the nature of its operation, the Company's exposure to financial risk is considered to be minimal as explained below.

a) Market risk

The Company's business operations are limited to receipt of operating license fees and investment activities. These activities do not expose significant risk to the Company except interest rate and price risk.

The Company invests its surplus funds in debt mutual funds and bank fixed deposits measured at fair value through profit/loss and at amortized cost respectively. Aggregate value of such investments as at 31st March, 2023 is ₹ 1,446.58 Lakhs (P.Y. ₹ 1,260.28 Lakhs).

Investments in the mutual fund schemes which are current in nature have short tenor. Accordingly, these do not pose any significant price risk.

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As majority of the financial assets and liabilities of the Company are either non-interest bearing or fixed interest bearing instruments, the Company's net exposure to interest risk is negligible

b) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. On account of insignificant payables, the exposure to liquidity risk in negligible.

c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. Apart from its operating activities, the Company is also exposed to credit risk from its investing and financing activities.

Trade receivables are initially recognized at fair value plus any directly attributable transaction costs. The net carrying value of trade receivables is not significantly different from their carrying values due to the short - term duration of trade receivables. Further, there is no significant credit risk involved with trade receivable since all the receivables are from Holding Company.

Investment in debt mutual funds are made only with approved mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house. There are limits for any exposure to financial institutions.

Company's deployment in debt instruments are primarily in fixed deposits with highly rated banks that are held at amortised cost amounting to ₹ 1,085.51 Lakhs (P.Y. ₹ 866.03 Lakhs). As these counter parties are public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

4. Fair value measurement

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of trade receivables and payables is considered to be equal to the carrying amounts of these items due to their short - term nature. Further, debt mutual funds have been considered at Level 1 and there is no change in classification of instruments between periods covered in the financial statements.

On behalf of the board

Place: Gurugram
Date: 15th April, 2023

Ashish Thakar — **Director**
Samir MC — **Director**

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. Your Directors submit their Report for the financial year ended 31st March, 2023.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company recorded Total Income of ₹ 3,721.27 lakhs (previous year: ₹ 2,945.51 lakhs), reflecting a growth of about 26% over the previous year. The Other Income of the Company was ₹ 260.17 lakhs (previous year: ₹ 190.48 lakhs) and profit for the year was ₹ 968.46 lakhs (previous year: ₹ 284.82 lakhs).

The financial results of your Company, summarised, are as under:

	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
Profits		
a. Profit Before Tax	**968.46**	284.82
b. Less : Tax Expense	–	–
c. Profit for the year	**968.46**	284.82
d. Other Comprehensive Income	**(8.48)**	3.41
e. Total Comprehensive Income	**959.98**	288.23
Retained Earnings		
a. At the beginning of the year	**(7,965.84)**	(8,254.07)
b. Add : Profit for the year	**968.46**	284.82
c. Add : Other Comprehensive Income	**(8.48)**	3.41
d. At the end of the year	**(7,005.86)**	(7,965.84)

3. **OPERATIONAL PERFORMANCE**

Your Company owns 'ITC Grand Bharat' – a 104-key all-suite luxury retreat at Gurugram, which has been licensed to ITC Limited, the holding company. The retreat, an oasis of unhurried luxury, is co-located with the Company's prestigious Classic Golf & Country Club ('the Club'), a 27-hole Jack Nicklaus Signature Golf Course.

During the year, the Club hosted various prestigious tournaments and sustained its leadership position in the corporate tournament segment. The Club renewed its status as the member of 'Asian Tour Destination', which is an exclusive network of world-class golf venues, with direct ties to the Asian Tour. The Club joins the prestigious list of 12 Golf Courses in Asia and is the only one in India to enjoy this status. Continuing with its endeavor to promote Junior Golf / future generation of Golfers, the Club became first in India to gain the status of becoming a 'US Kids Destination Course' during the financial year 2022-23.

ITC Grand Bharat has received a range of prestigious awards that reflect the industry's acknowledgement of the exceptional hospitality offered by the Hotel. During the year 2022-23, the Retreat's All Day Dining restaurant, Aravali Pavilion was recognised as the Best All Day Dining Restaurant in a 5-star hotel category at 'The Big Foodie Awards'. Additionally, Kaya Kalp - The Royal Spa won the 'Sattva Iconic Wellness Awards' in the Wellness Spa of the Year category.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) Changes in Directors and Key Managerial Personnel

During the year under review, Mr. Rajiv Tandon (DIN: 00042227) stepped down as Director of your Company with effect from 22nd July, 2022. Your Directors place on record their appreciation for the contribution made by Mr. Tandon during his tenure with the Company.

The Board of Directors of your Company ('the Board') at its meeting held on 3rd August, 2022 appointed Mr. Ashish Thakar (DIN: 09383474) as Additional Non-Executive Director of the Company with effect from the said date. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 92 of the Articles of Association of the Company, Mr. Thakar will vacate his office at the ensuing Annual General Meeting ('AGM') and is eligible for appointment as Director of the Company. The Board at its meeting held on 19th April, 2023 has recommended for the approval of the Members, the appointment of Mr. Thakar as Non-Executive Director of your Company, liable to retire by rotation.

Mr. Thakar, pursuant to Section 152 of the Act, has given his consent to act as Director, of your Company. Requisite Notice, pursuant to Section 160 of the Act, proposing his appointment has also been received by the Company. Appropriate resolution seeking approval of the Members to the above is appearing in the Notice convening the ensuing AGM of the Company.

Mr. Rajat Sethi resigned as the Manager of your Company with effect from close of work on 31st March, 2023.

The Board at its Meeting held on 19th April, 2023 appointed Mr. Rishi Mattu, subject to your approval, as the Manager of your Company with effect from 19th April, 2023, in accordance with Sections 196, 197 and 203 of the Act. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the ensuing AGM of the Company.

There were no other changes in the composition of the Board or Key Managerial Personnel of the Company during the year under review.

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Articles 106, 107 and 108 of the Articles of Association of the Company, Mr. Nakul Anand (DIN: 00022279), Director, will retire by rotation at the ensuing AGM of the Company and, being eligible, offers himself for re-election. Your Board has recommended his re-election.

(c) Board Evaluation

The Board carried out annual performance evaluation of its own performance and that of the individual Directors, as required under Section 134(3)(p) of the Act, based on criteria approved by the Board.

5. **BOARD AND BOARD COMMITTEES**

The present composition of your Board is as follows:

Mr. N. Anand – Chairman and Non-Executive Director
Ms. R. Chadha – Non-Executive Director
Mr. J. Singh – Non-Executive Director
Mr. A. Thakar – Additional Non-Executive Director

Six meetings of the Board were held during the year ended 31st March, 2023.

Your Board approved dissolution of the Audit Committee of the Company with effect from 3rd August, 2022.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

7. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

8. **PARTICULARS OF EMPLOYEES**

The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure 1** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has an Internal Complaints Committee as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

During the year, no complaint for sexual harassment was received.

9. RISK MANAGEMENT

The risk management framework of the Company is commensurate with its size and nature of business. Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Audit Department of ITC Limited, the holding company, as the Internal Auditor of your Company, periodically carries out, at the request of the Company, risk focused audits with the objective of identification of areas where risk management processes could be strengthened. As required under the Risk Management Policy of the Company, a Risk Mitigation Reportback is prepared on a half-yearly basis and reviewed by the Management Committee of the Company.

Further, an annual update was provided to the Board for the year, on the effectiveness of the Company's risk management systems and policies.

A combination of policies and processes as outlined above adequately addresses the various risks associated with the Company's businesses.

10. INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of such internal financial controls. The Board provides guidance on internal controls, reviews internal audit findings and implementation of internal audit recommendations.

During the year under review, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes are undertaken to ensure that such systems are reinforced on an ongoing basis.

11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company's CSR Policy outlines programmes, projects and activities falling within the purview of Schedule VII and Section 135 of the Act and the Rules made thereunder.

The Annual Report on CSR activities of the Company, as required under Sections 134 and 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014, is enclosed as **Annexure 2** to this Report.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2023, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

13. RELATED PARTY TRANSACTIONS

During the year under review, all contracts or arrangements entered into by your Company with its related parties were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Act.

The details of material related party transaction of the Company in the prescribed Form No. AOC-2 are provided in **Annexure 3** to this Report.

14. DEPOSITS

Your Company has not accepted any deposit from the public / members under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

15. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS / TRIBUNALS

During the year under review, no significant or material order was passed by any Regulator / Court / Tribunal impacting the going concern status of the Company or its future operations.

16. ANNUAL RETURN

The Annual Return of the Company is available on its website at https://cgronline.com/annual-return/

17. COST RECORDS

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

18. AUDITORS

(a) Statutory Auditors

Messrs. Deloitte Haskins & Sells LLP ('DHS LLP'), Chartered Accountants, were appointed as the Company's Statutory Auditors for a period of five years from the conclusion of the Twenty Seventh AGM held in 2019 till the conclusion of the Thirty Second AGM of the Company.

Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of DHS LLP to conduct the statutory audit of the Company for the financial year 2023-24. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the ensuing AGM of the Company.

There is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report on the financial statements of the Company for the year ended 31st March, 2023.

(b) Secretarial Auditor

Your Board appointed Mr. Amit Gupta, Company Secretary in Practice, Proprietor Messrs. Amit Gupta & Associates, as the Secretarial Auditor of the Company for the financial year ended 31st March, 2023. The Report of the Secretarial Auditor, pursuant to Section 204 of the Act, is enclosed as **Annexure 4** to this Report.

There is no qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditors in their Report.

19. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy

The Company is committed to adopt eco-friendly and energy conservation practices and has accordingly, initiated several eco-friendly processes for energy and water conservation, waste management disposal and measures to control water, noise and environmental pollution.

The Company continued to make focused energy conservation efforts throughout the year to improve its usage efficiencies. Energy conservation measures viz. installing energy efficient lights, upgradation of air conditioning system with higher Energy Efficient Ratio components, etc. are constantly undertaken by the Company. Routine maintenance is performed to keep all equipment in the most efficient state of operations.

As a result of the aforesaid measures, optimum utilization of energy was achieved in electrical units, and water consumption.

Technology Absorption

The Company is in hotel and recreation business, which is a service industry and no specific knowhow or technology was imported by the Company during the year. The Company has not carried out any activity which can be construed as a research and development activity. However, the Company continues to adopt and use the latest technologies to improve the efficiency and effectiveness of its business operations leading to product improvement, cost reduction, product development or import substitution.

Foreign Exchange Earnings and Outgo

The foreign exchange earnings of your Company during the year aggregated ₹ 93.97 lakhs (previous year: ₹ 50.06 lakhs), while the foreign exchange outflow was Nil (previous year: Nil).

21. ACKNOWLEDGEMENT

Your Directors acknowledge the assistance and support rendered by all the stakeholders and look forward to the future with confidence.

On behalf of the Board

	Nakul Anand	**Ashish Thakar**	**Rishi Mattu**
Dated : 19th April, 2023	**Chairman**	**Director**	**Manager**
Place:	**Gurugram**	**Gurugram**	**Chennai**

Annexure1 to the Report of the Board of Directors for the financial year ended 31st March, 2023

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014]

Names of employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment/ deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
Rajat Sethi*&	47	Manager	73,10,242	44,01,042	Bachelors in Hotel Management, Bachelors in Arts	24	11.12.2020	ITC Limited General Manager, ITC Mughal
Shikhar Maheshwari*	33	Chief Financial Officer	59,69,793	34,72,076	B.Com. (Hons), A.C.A	12	15.10.2021	ITC Limited – Hotels Division, Financial Controller
Col. Rajesh Singh Bains*	59	Manager - Loss Prevention	51,32,528	23,99,678	B.Sc., PG Degree in Defence Armament Technology	39	01.04.2018	ITC Limited – Hotels Division, Manager - Loss Prevention
Alok Rastogi*	57	Executive Chef	29,67,932	17,69,014	B. A, Diploma Holder	37	01.04.2019	ITC Limited – Hotels Division, Chef
Pradeep Singh	58	Executive Vice President-HR & Liaison	28,61,890	22,35,894	B.Com., L.L.B., M.B.A.	34	10.11.2006	Amira Foods (India) Limited, Sr. Manager-HR & IR
Keshav Kumar	46	D.G.M - Golf Operations & Marketing	16,73,537	13,81,138	B.Com.	15	17.04.2009	Golden Greens Golf & Resorts Limited, Manager-Golf Operations
Vikas Kumar	48	D.G.M Maintenance	16,32,779	13,65,356	B.Sc., M.Sc., P.G.D in Plantation Technology	21	05.10.2006	Soka Bodhi Tree Garden, Horticulturist
Sameer Dhanuka*#	24	Finance Manager	16,30,165	10,10,114	B.Com (Hons), A.C.A	1.5	01.07.2022	ITC Limited – Hotels Division, Finance Manager
Shiv Charan	51	Manager – Engineering	15,18,495	13,18,600	M.B.A, B.E.	33	16.05.2011	ITC Limited – Hotels Division, Asst. Manager Engineering
Rajbir Singh	55	Assistant Manager – Land & Legal	12,90,690	11,47,990	Matriculation	31	01.04.2008	Central Park, Unitech, Land Officer

* On deputation from ITC Limited, the holding company ('ITC').
& Resigned from the Company with effect from close of work on 31st March, 2023.
# On deputation w.e.f. 01.07.2022.

Notes:

a. In respect of employees on deputation, gross remuneration disclosed as above is the deputation cost which is borne by the Company.

b. For the other employees, gross remuneration includes salary, variable pay / performance bonus, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

c. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

d. Certain employees may have been granted Stock Options by ITC under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. Since these Stock Options are not tradeable, no perquisite or benefit is immediately conferred upon the employees by grant of such Options, and accordingly the said grants have not been considered as remuneration.

e. All appointments (except deputed employees) are / were contractual in accordance with terms and conditions as per Company's Rules.

f. The aforesaid employees are neither relative of any Director or Manager of the Company nor hold any equity share in the Company.

On behalf of the Board

	Nakul Anand	**Ashish Thakar**	**Rishi Mattu**
Dated : 19th April, 2023	**Chairman**	**Director**	**Manager**
Place:	**Gurugram**	**Gurugram**	**Chennai**

Annexure 2 to the Report of the Board of Directors

Annual Report on Corporate Social Responsibility (CSR) Activities of the Company for the financial year ended 31st March, 2023

1. **Brief outline on CSR Policy of the Company:**

   The Company being a wholly owned subsidiary of ITC Limited ('ITC'), discharges its responsibility by aligning itself with the CSR Policy of ITC and by undertaking CSR activities in areas or subjects which are independent of the normal conduct of the Company's business and are covered under the activities listed in Schedule VII read with Section 135 of the Companies Act, 2013 ('the Act') and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

   The Company's CSR Programmes are implemented (i) directly, or (ii) through a registered public trust or a registered society or foundation or a company under Section 8 of the Act, established by ITC (Collectively, ITC Entities), having track record of at least three years in undertaking similar activities, or (iii) through other eligible implementing agencies.

   The Company may also collaborate with ITC or other companies for undertaking CSR Programmes in such a manner that the respective companies are in a position to report separately on the CSR activities being undertaken.
2. Composition of CSR Committee as on 31st March, 2023: **Not Applicable**
3. The web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: **https://cgronline.com/corporate-social-responsibility/**
4. Executive Summary alongwith the web-link(s) of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: **Not Applicable**
5. Average net profits of the Company as per Section 135(5): ₹ **419.78 lakhs**
   a) Two percent of average net profits of the Company as per Section 135(5): ₹ **8.40 lakhs**
   b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**
   c) Amount required to be set off for the financial year, if any: **Nil**
   d) Total CSR obligation for the financial year (5a+5b-5c): ₹ **8.40 lakhs***

   * The Board has approved a contribution of ₹ 8.50 lakhs for CSR expenditure for the financial year 2022-23, as against the mandatory requirement of ₹ 8.40 lakhs.
6. a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ **8.50 lakhs**
   b) Amount spent in Administrative Overheads: ₹ **0.06 lakhs**
   c) Amount spent on Impact Assessment, if applicable: **Nil**
   d) Total amount spent for the Financial Year [6(a)+6(b)+6(c)]: ₹ **8.56 lakhs**
   e) CSR amount unspent for the financial year: **Nil**

Total Amount Spent for the Financial Year (in Lakhs)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (₹)	Date of transfer	Name of the Fund	Amount (₹)	Date of transfer
8.56	Nil				

f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in Lakhs)
(i)	Two percent of average net profit of the Company as per Section 135(5)	8.40
(ii)	Total amount spent for the Financial Year	8.56
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.16
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

Note: The Company is not claiming any set-off against the excess amount of ₹ 0.16 Lakhs as spent in the Financial Year 2022-23.

7. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of Section 135 (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
Not Applicable								

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:

   Yes ✓ No

   If Yes, enter the number of Capital assets created / acquired:

   Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): Not Applicable

On behalf of the Board

	Nakul Anand	Ashish Thakar	Rishi Mattu
Dated : 19th April, 2023	**Chairman**	**Director**	**Manager**
Place:	**Gurugram**	**Gurugram**	**Chennai**

Annexure 3 to the Report of the Board of Directors for the financial year ended 31st March, 2023

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	**NIL**
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the holding company ('ITC')
b)	Nature of contracts / arrangements / transactions	License Agreement ('Agreement') with ITC for operating the Company's Hotel 'ITC Grand Bharat ('Hotel').
c)	Duration of the contracts / arrangements / transactions	99 years with effect from 14th November, 2014
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	ITC pays an annual license fee at 7% of Annual Net Operating Income of the Hotel or ₹4.50 crores, whichever is higher, to the Company. Total license fees received from ITC vide this Agreement, during the year was ₹ 6,86,63,300/- (including applicable taxes).
e)	Date(s) of approval by the Board, if any	–
f)	Amount paid as advances, if any	Nil

On behalf of the Board

	Nakul Anand	**Ashish Thakar**	**Rishi Mattu**
Dated : 19th April, 2023	**Chairman**	**Director**	**Manager**
Place:	**Gurugram**	**Gurugram**	**Chennai**

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Landbase India Limited,

CIN: U74899HR1992PLC052412

Regd. office address: ITC Green Centre, 10 Institutional Area, Sector 32, Gurugram, HR 122001

Corporate office: Classic Golf & Country Club, Hasanpur, Tauru, Mewat District, HR 122105

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Landbase India Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit,

We hereby report that in our opinion that:

i. the Company has, during the audit period covering the financial year ended on 31st March, 2023 ('Audit Period') complied with the statutory provisions listed hereunder; and also

ii. the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

i. The Companies Act, 2013 ('the Act') and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under **(Not Applicable to the Company during the Audit Period);**

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;(No FDI and ECB was taken and No ODI was made by the Company during the Audit Period)

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') (Not applicable to the Company during the Audit Period);

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
   d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations 2021;
   e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
   h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.

   We have also examined compliance with the applicable clauses of the following:

   i. Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India; and
   ii. Listing Agreements entered into by the Company with the Stock Exchange(s), if applicable **(Not applicable to the Company during the Audit Period).**

   During the Audit period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards, as mentioned above:

   1. The statutory forms and returns, which were required to be submitted under the Act, were filed by the company within the time prescribed under the Act.
   2. Notices, forms, returns, registers and other document(s) required to be maintained either in physical form or in electronic form in accordance with the Act, are properly maintained in the prescribed manner.

We further report that during the Audit Period:

The Board of Directors of the Company is duly constituted in compliance of the provisions of the Act. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings were carried out with requisite majority as recorded in the minutes of the meetings of the Board of Directors.

We further report that based on compliance mechanism established by the Company, we are of the opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For A**mit Gupta & Associates**
Company Secretaries

Amit Gupta
Practising Company Secretary
Membership No. : F5478
C.P. No. 4682
UDIN - F005478E000137335
Date: April 19, 2023
Place: Lucknow

Note: This report should be read with the letter of even date by the Secretarial Auditors.

To,
The Members,
L**andbase India Limited,**
CIN: U74899HR1992PLC052412
Regd. office address: ITC Green Centre, 10 Institutional Area, Sector 32, Gurugram, HR 122001
Corporate office: Classic Golf & Country Club, Hasanpur, Tauru, Mewat District, HR 122105

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of account of the Company.
4. We have obtained the management representation, where ever required, about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Amit Gupta & Associates
Company Secretaries

Amit Gupta
Practising Company Secretary
Membership No. : F5478
C.P. No. 4682
UDIN - F005478E000137335
Date: April 19, 2023
Place: Lucknow

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LANDBASE INDIA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Landbase India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors report but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 SAs 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 SAs, we exercise professional judgement and maintain professional skepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 fair presentation.
- Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements of the Company.
   g) With respect to other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 21 of the financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses- Refer Note 30 to the financials statements.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer Note 31 to the financials statements.

   iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the notes 35 to the financial statements, no funds have been advanced or loaned or invested either from borrowed funds or share premium or any other sources or kind of funds by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the notes 35 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

   v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

   vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Vikas Khurana
Partner
(Membership No.: 503760)
(UDIN - 23503760BGYDPU6269)

Place : Gurugram
Dated : April 19, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with Reference to the financial Statement under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the financial statements of **Landbase India Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)
Vikas Khurana
Partner
(Membership No.: 503760)
(UDIN - 23503760BGYDPU6269)

Place : Gurugram
Dated : April 19, 2023

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and capital work-in-progress.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) The Property, Plant and Equipment and capital work-in-progress were physically verified during the year by the Management which, in our opinion, provides for physical verification at reasonable intervals. No material discrepancies were noticed on such verification.

(c) Based on our examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of Rs. 5 Crores, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets, hence reporting on the quarterly returns or statement filed by the Company with such banks or financial institutions is not applicable.

(iii) According to the information and explanations given to us, the Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

(iv) According to information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013, reporting under clause (vi) of the Order is not applicable.

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all the cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023, on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates (FY)	Amount Involved (In Lacs)	Amount Disputed (Net of Payment under Protest) (In Lacs)
The Punjab Entertainment Duty Act, 1955	Entertainment Duty	Hon'ble Supreme Court of India	2003-04 to 2009-10	552.62	275.62*

*Total disputed dues aggregating ₹ 275.62 Lacs as mentioned above, pertain to matters which have been stayed for recovery by the relevant authorities.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilized term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) As informed to us, the Company has not raised any money as short-term fund. Hence, reporting under clause (ix)(d) of the Order is not applicable.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The provision of Section 177 is not applicable to the Company and hence, the reporting requirement under clause (xiii) in relation to section 177 of the Companies Act is not applicable to the Company.

(xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding company, subsidiary company, associate company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

The Company does not have any Core Investment Company (CIC) as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the current year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the current year.

(xxi) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under (xxi) of the Order is not applicable.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Vikas Khurana
Partner
(Membership No.: 503760)
(UDIN - 23503760BGYDPU6269)

Place : Gurugram
Dated : April 19, 2023

Balance Sheet as at 31st March, 2023

	Particulars	Note		As at 31st March, 2023 (₹ in lakhs)		As at 31st March, 2022 (₹ in lakhs)
	ASSETS					
1	**Non-current assets**					
	(a) Property, plant and equipment	3A		23,636.88		23,867.66
	(b) Capital work-in-progress	3B		45.50		0.93
	(c) Intangible assets	3C		7.96		4.57
	(d) Financial assets					
	(i) Investments	4	0.00 *		0.00 *	
	(ii) Other financial assets	5	2,956.36	2,956.36	733.39	733.39
	(e) Other non-current assets	6		475.21		454.21
	Total Non - Current Assets			27,121.91		25,060.76
2	**Current assets**					
	(a) Inventories	7		99.47		92.63
	(b) Financial assets					
	(i) Investments	8	174.96		693.16	
	(ii) Trade receivables	9	65.05		133.05	
	(iii) Cash and cash equivalents	10	26.24		18.95	
	(iv) Other bank balances	11	2,238.65		2,394.95	
	(v) Other financial assets	5	64.95	2,569.85	135.66	3,375.77
	(c) Other current assets	6		48.96		62.46
	Total Current Assets			2,718.28		3,530.86
	TOTAL ASSETS (1+2)			29,840.19		28,591.62
	EQUITY AND LIABILITIES					
1	**Equity**					
	(a) Equity share capital	12		31,700.00		31,700.00
	(b) Other equity			(6,394.24)		(7,354.22)
	Total equity			25,305.76		24,345.78
	Liabilities					
2	**Non-current liabilities**					
	(a) Financial Liabilities					
	- Other financial liabilities	13		3,119.49		3,089.58
	(b) Provisions	14		131.55		120.53
	(c) Other non-current liabilities	15		482.19		365.67
	Total Non - Current Liabilities			3,733.23		3,575.78
3	**Current liabilities**					
	(a) Financial liabilities					
	(i) Trade payables					
	(a) Total outstanding dues of micro enterprises and small enterprises; and		–		–	
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	22	303.96		182.40	
	(ii) Other financial liabilities	13	94.66	398.62	102.47	284.87
	(b) Other current liabilities	15		375.66		372.59
	(c) Provisions	14		26.92		12.60
	Total Current Liabilities			801.20		670.06
	TOTAL EQUITY AND LIABILITIES (1+2+3)			29,840.19		28,591.62

* Represents ₹ 150

The accompanying notes 1 to 38 are an integral part of the Financial Statements.

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Vikas Khurana
Partner

Place : Gurugram
Date: April 19, 2023

On behalf of the Board

Nakul Anand
Chairman
DIN : 00022279
Gurugram

Ashish Thakar
Director
DIN : 09383474
Gurugram

Rishi Mattu
Manager
Chennai

Shikhar Maheshwari
Chief Financial Officer
Gurugram

Rucche Siingh
Company Secretary
Gurugram

Statement of Profit and Loss for the year ended 31st March, 2023

	Particulars	Note	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
I	Revenue from operations	16	3,461.10	2,755.03
II	Other income	17	260.17	190.48
III	**Total Income (I+II)**		3,721.27	2,945.51
IV	**EXPENSES**			
	(a) Cost of materials consumed		117.91	78.27
	(b) Purchase of Stock in Trade		2.37	2.57
	(c) Changes in inventories of Stock in Trade		0.25	0.19
	(d) Employee benefit expenses	18	785.61	704.75
	(e) Depreciation and amortization expenses	3	520.34	521.67
	(f) Other expenses	19	1,326.33	1,353.24
	Total Expenses (IV)		2,752.81	2,660.69
V	**Profit before tax (III - IV)**		968.46	284.82
VI	**Tax Expense**		–	–
VII	**Profit for the year (V-VI)**		968.46	284.82
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss"			
	– Remeasurements gains/ (losses) on defined benefit plans		(8.48)	3.41
	– Income tax expense on remeasurement of defined benefit plans		–	-
IX	**Total Comprehensive Income for the year (VII+VIII)**		959.98	288.23
X	**Earnings per equity share (Face Value ₹ 10.00 each)**			
	Basic/ Diluted(in ₹)	20	0.31	0.09

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Cash Flow Statement for the year ended 31st March, 2023

	Particulars	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
A	**Cash Flow from Operating Activities**		
	Profit before tax	968.46	284.82
	Adjustments for:		
	Depreciation and amortization expenses	520.34	521.67
	Interest Income	(208.59)	(170.63)
	Net (gain)/ loss on sale and write off of property, plant and equipment (Including CWIP)	20.52	303.51
	Net (gain)/ loss arising on financial assets mandatorily measured at Fair value through profit and loss	(35.69)	(10.13)
	Bad debts & Advances written off	0.62	-
	Operating Profit Before Working Capital Changes	1,265.66	929.24
	Adjustment in working capital:		
	(Increase) / Decrease in trade receivables	67.38	(94.63)
	(Increase) / Decrease in Inventories	(6.84)	10.36
	(Increase) / Decrease in other assets	10.21	28.06
	(Increase) / Decrease in other financial assets	0.74	(1.24)
	Increase / (Decrease) in trade payables	121.57	(95.08)
	Increase / (Decrease) in other financial liabilities	21.22	(8.28)
	Increase / (Decrease) in Provisions	16.86	15.11
	Increase / (Decrease) in other liabilities	119.59	141.96
	Cash flow generated from operations	1,616.39	925.50
	Income taxes refund/ (paid)	(17.01)	(26.22)
	Net Cash from Operating Activities	1,599.38	899.28
B	**Cash Flow from Investing Activities**		
	Purchase of property, plant and equipment	(443.89)	(253.07)
	Sales of property, plant and equipment	86.02	4.99
	Purchase of current investments	(3,245.00)	(2,045.00)
	Sale / redemption of current investments	3,798.89	1,527.08
	Interest received	275.59	89.93
	Investment in bank deposits (original maturity more than 3 months)	(6,237.93)	(940.97)
	Redemption/maturity of bank deposits (original maturity more than 3 months)	4,174.23	611.47
	Net Cash used in Investing Activities	(1,592.09)	(1,005.57)
C	**Cash Flow from Financing Activities**	–	–
	Net increase/ (decrease) in Cash and cash equivalents	7.29	(106.29)
	Opening Cash and cash equivalents	18.95	125.24
	Closing Cash and cash equivalents (Refer note 10)	26.24	18.95

Note:
The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Statement of Cash Flows.
The accompanying notes 1 to 38 are an integral part of the Financial Statements.

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For **Deloitte Haskins & Sells LLP**
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Statement of Changes in Equity for the year ended 31st March, 2023

A. Equity Share capital

(₹ in lakhs)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March 2023	31,700.00	–	31,700.00
For the year ended 31st March 2022	31,700.00	–	31,700.00

B. Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus		Total
	General Reserve	Retained earnings	
Balance as at 1st April, 2022	611.62	(7,965.84)	(7,354.22)
Profit for the year ended 31st March, 2023	-	968.46	968.46
Other Comprehensive Income	-	(8.48)	(8.48)
Total Comprehensive Income for the year	-	959.98	959.98
Balance as at 31st March, 2023	611.62	(7,005.86)	(6,394.24)

Particulars	Reserves and Surplus		Total
	General Reserve	Retained earnings	
Balance as at 1st April, 2021	611.62	(8,254.07)	(7,642.45)
Profit for the year ended 31st March, 2022	-	284.82	284.82
Other Comprehensive Income	-	3.41	3.41
Total Comprehensive income for the year	-	288.23	288.23
Balance as at 31st March, 2022	611.62	(7,965.84)	(7,354.22)

General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

Retained Earnings: This Reserve represents the cumulative profits/ (losses) of the Company and effects of remeasurement of defined benefit obligations.

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Place : Gurugram
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Notes to the Financial statements

The Company owns the Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course. It also owns a 104 key all suite luxury retreat "ITC Grand Bharat" which is licensed to and operated by ITC Limited. The company is registered under Companies Act, 2013 bearing CIN No. U74899HR1992PLC052412.

1. SIGNIFICANT ACCOUNTING POLICIES

i. Statement of Compliance

These financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The company adopted Ind AS from 1st April 2016.

ii. Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies. The financial statements are presented in Indian Rupees which is also the Company's functional currency.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

iii. Property, Plant & Equipment – Tangible Assets

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of Property, Plant and Equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Building	3 - 60 years
Plant & Machinery/ Golf Course	3 - 15 years
Office & Other Equipment	5 years
Furniture & Fixtures	8 - 10 years
Computers	3 - 6 years
Vehicles	8 - 10 years
Golf Carts	8 years

iv. Intangible Assets

Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use and is amortised across a period not exceeding 5 years. Useful lives are periodically reviewed and are treated as changes in accounting estimates, at each balance sheet date.

v. Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Notes to the Financial statements (Contd.)

vi. Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified at the time of periodic physical verification of inventories and, where necessary, a markdown is made for such inventories.

vii. Foreign Currency Transactions and derivatives

The Company accounts for transactions in foreign currency at the exchange rate prevailing on the date of transactions. The date of the transaction for the purpose of determining the exchange rate on initial of recognition of the asset, expense or income is the date on which an entity initially recognises the related non – monetary asset or non – monetary liability on the payment or receipt of the advance consideration. Gains/Losses arising on settlement of transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rates are recognized in the Statement of Profit and Loss.

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains / losses is recognised in the Statement of Profit and Loss.

viii. Financial instruments, Financial assets, Financial liabilities and Equity instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial assets

Recognition: Financial assets include Investments, Trade receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at fair value or transaction price, as applicable, when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification. Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial liability

Borrowings, trade payables and other financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet. Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

ix. Revenue from sale of products and services

Revenue is measured at the transaction price that the Company receives or expects to receive as consideration for services rendered, net of discounts to customers. Revenue does not include VAT and Goods and Services Tax (GST).

Revenue from the sale of products and services is recognised when the Company performs its obligations to its customers, the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition is the periods during which such services are rendered.

Revenue is recognised over a period of time or at a point in time depending on the manner in which the performance obligation associated with each contract with customer is satisfied as under:

i) Membership Income:

   a) Revenue from membership fee is accounted for over a period of time.

   b) Entrance fees and transfer / re-nomination fees is recognized at a point in time.

   c) Interest charged on delayed receipt of Subscription is accounted when it is probable that the entity shall collect the consideration.

ii) Green Fee Income, Caddie fee, Golf Set Rental, Cart Rental, Guest Entry Fees, etc. is recognized at a point in time.

iii) License Fees income is recognised as per the terms of the agreement.

x. Employee Benefits

Regular contributions made to State plan namely Employee Provident Fund and Employee's State Insurance Fund are charged to revenue every year.

Company has Gratuity (Unfunded Plan) which are in the nature of defined benefit scheme. The liabilities towards such schemes, as applicable, is calculated by an independent actuarial valuation using the projected unit credit method as per the requirements of Indian Accounting Standard – 19 on "Employee Benefits". Gain or Loss on account of remeasurements are recognised through Other Comprehensive Income in the period in which they occur.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded. These compensated absences are recognized in the Statement of Profit & Loss as income or expense, being long-term employee benefit.

xi. Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees deputed to the Company is recognized at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding credit in equity, net of reimbursements, if any.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

xii. Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income, are disclosed separately under Other Comprehensive Income, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (Tax base).

Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

xiii. Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to the Financial statements (Contd.)

xiv. Leases

Leases are recognised as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a Lessee

Right – of – Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities are also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

xv. Government Grants

The Company may receive government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria. Government grants are recognised when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant. Accordingly, government grants:

(a) related to or used for assets are deducted from the carrying amount of the asset.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

2. Use of Estimates and Judgements

Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

- **Claims, Provisions and Contingent Liabilities**

  The Company has third party claims and ongoing litigations with Income Tax Department and Excise & Taxation Department. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

- **Actuarial Valuation**

  The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

- **Deferred Taxation**

  The Company has significant carry forward income tax losses (business and depreciation) for which deferred tax asset has not being recognized since there is no reasonable certainty of significant profits in the near future.

- **Useful lives of property, plant and equipment and intangible assets**

  As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

Estimation of uncertainties relating to the global pandemic COVID-19:

The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of its assets. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements, including economic forecasts, market value of investments, etc. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Note - 3

A. Property, Plant and Equipment

(₹ in lakhs)

Particulars	Gross Block								Depreciation and Amortization								Net Block	
	As at 1st April, 2021	Additions	Withdrawals and adjustments	As at 31st March, 2022	As at 1st April, 2022	Additions	Withdrawals and adjustments	**As at 31st March, 2023**	As at 1st April, 2021	For the year	Withdrawals and adjustments	Upto 31st March, 2022	As at 1st April, 2022	For the year	Withdrawals and adjustments	**Upto 31st March, 2023**	**As at 31st March, 2023**	As at 31st March, 2022
Land (Freehold)*	7,528.73	-	-	7,528.73	7,528.73	-	5.37	**7,523.36**	-	-	-	-	-	-	-	-	**7,523.36**	7,528.73
Building*	16,569.24	37.83	-	16,607.07	16,607.07	75.06	44.95	**16,637.18**	1,662.56	281.87	-	1,944.43	1,944.43	283.49	5.55	**2,222.37**	**14,414.81**	14,662.64
Plant & Machinery*	1,549.80	134.11	39.06	1,644.85	1,644.85	116.22	43.13	**1,717.94**	459.83	109.22	23.01	546.04	546.04	112.93	31.49	**627.48**	**1,090.46**	1,098.81
Office & Other Equipment	0.27	-	-	0.27	0.27	-	-	**0.27**	0.20	-	-	0.20	0.20	-	-	**0.20**	**0.07**	0.07
Golf Course	127.38	-	-	127.38	127.38	-	-	**127.38**	14.49	-	-	14.49	14.49	-	-	**14.49**	**112.89**	112.89
Furniture & Fixtures*	362.55	0.90	2.23	361.22	361.22	9.20	0.37	**370.05**	229.28	43.18	1.87	270.59	270.59	39.15	0.36	**309.38**	**60.67**	90.63
Computers	44.93	3.64	-	48.57	48.57	2.92	4.79	**46.70**	27.83	7.36	-	35.19	35.19	8.47	4.58	**39.08**	**7.62**	13.38
Vehicles	107.51	-	0.40	107.11	107.11	47.75	27.60	**127.26**	49.35	10.89	0.34	59.90	59.90	11.80	20.25	**51.45**	**75.81**	47.21
Golf Carts	537.67	67.08	-	604.75	604.75	102.60	31.47	**675.88**	224.91	66.54	-	291.45	291.45	62.21	28.97	**324.69**	**351.19**	313.30
Total (A)	**26,828.08**	**243.56**	**41.69**	**27,029.95**	**27,029.95**	**353.75**	**157.68**	**27,226.02**	**2,668.45**	**519.06**	**25.22**	**3,162.29**	**3,162.29**	**518.05**	**91.20**	**3,589.14**	**23,636.88**	**23,867.66**
B. Capital work in progress (B)	**293.57**	-	**292.64**	**0.93**	**0.93**	**85.57**	**41.01**	**45.50**	-	-	-	-	-	-	-	-	**45.50**	**0.93**
C. Intangible Assets																		
Computer Software	15.72	-	-	15.72	15.72	5.67	-	**21.39**	8.54	2.61	-	11.15	11.15	2.28	-	**13.43**	**7.96**	4.57
Total (C)	**15.72**	-	-	**15.72**	**15.72**	**5.67**	-	**21.39**	8.54	**2.61**	-	**11.15**	**11.15**	**2.28**	-	**13.43**	**7.96**	**4.57**
Grand Total (A+B+C)	**27,137.37**	**243.56**	**334.33**	**27,046.60**	**27,046.60**	**444.99**	**198.69**	**27,292.91**	**2,676.99**	**521.67**	**25.22**	**3,173.44**	**3,173.44**	**520.33**	**91.20**	**3,602.57**	**23,690.34**	**23,873.16**

The amortization expense of intangible assets has been included under 'Depreciation and amortisation expense' in the Statement of Profit and Loss.

3B.1 Capital Work in Progress (CWIP) Ageing Schedule

(₹ in lakhs)

As at 31st March, 2023	**Amount in CWIP for a period of**				**Total**
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
Project in Progress	**45.50**	-	-	-	**45.50**
Total	**45.50**	-	-	-	**45.50**

As at 31st March, 2022	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in Progress	-	0.93	-	-	0.93
Total	-	**0.93**	-	-	**0.93**

Notes to the Financial statements (Contd.)

(₹ in lakhs)

	As at 31st March, 2023 Unquoted	As at 31st March, 2022 Unquoted
4. Non Current Investments		
Investment in Equity Instruments (at fair value through other comprehensive income)		
- Jupiter Township Limited*	0.00	0.00
Total	0.00	0.00

*Represents investment of ₹ 150 in 1 equity share.

(₹ in lakhs)

	As at 31st March, 2023		As at 31st March, 2022	
	Current	Non-Current	Current	Non-Current
5. Other Financial Assets				
Security Deposits	1.91	–	2.65	–
Bank deposits with more than 12 months maturity	–	2,937.00	–	717.00
Advances	–	7.60	–	7.60
Less : advances-credit impaired		(7.60)	–	(7.60)
Interest accrued on fixed and other deposits	63.04	19.36	133.01	16.39
Total	64.95	2.956.36	135.66	733.39

(₹ in lakhs)

	As at 31st March, 2023		As at 31st March, 2022	
	Current	Non-Current	Current	Non-Current
6. Other assets				
A. Capital advances				
– For Capital work in progress	–	0.71	–	–
B. Advances other than capital advances				
(i) Security Deposits				
- Utility deposits	–	16.07	–	9.52
- With Statutory Authorities	–	7.00	–	7.00
(ii) Advance Tax	–	173.25	–	156.24
(iii) Other Advances				
- With Statutory Authorities*	4.90	277.00	2.99	277.00
- Others (Prepaid expenses, advances, etc.,)	44.06	1.18	58.47	4.45
(iv) Other Receivables	–	–	1.00	–
Total	48.96	475.21	62.46	454.21

* Non-current other advances with Statutory Authorities include

(₹ in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Entertainment Tax paid under protest considered good	277.00	277.00
Entertainment Tax paid under protest considered doubtful	6.50	6.50
Less: Provision for doubtful advances	(6.50)	(6.50)
Total	277.00	277.00

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
7. Inventories		
(At lower of cost and net realisable value)		
Tobacco Stock	0.01	0.26
Food & Beverages	18.04	13.19
Stock of Parking Slot/ Servant quarters	13.20	13.20
Stores and spares	81.42	79.18
Less : Provision for obsolete Stock	(13.20)	(13.20)
Total	99.47	92.63

Notes to the Financial statements (Contd.)

(₹ in lakhs)

	As at 31st March, 2023 Unquoted	As at 31st March, 2022 Unquoted
8. Current investments		
Investment in Mutual Funds (at fair value through profit or loss, unless stated otherwise)		
Kotak Liquid Fund		
Nil, (2022 - 1550.766) Units of ₹1,000.00 each.	–	66.73
Axis Liquid Fund		
6995.740, (2022 - 18453.663) Units of Rs.1,000.00 each.	174.96	436.26
Nippon India Liquid Fund		
Nil, (2022 - 3651.505) Units of Rs.1,000.00 each.	–	190.17
Total	174.96	693.16

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
9. Trade receivables (Current)		
(a) Secured, considered good	1.67	3.25
(b) Unsecured, considered good	63.38	129.80
(c) Which have significant increase in credit risk	–	–
(d) Credit impaired	–	2.18
Less : Allowance for Credit impaired	–	(2.18)
Total	65.05	133.05

Trade Receivable Ageing Schedule

(₹ in lakhs)

As at 31st March, 2023	Not Due	Outstanding for following periods from due date					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	45.05	19.72	0.28	-	-	-	65.05
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables -credit impaired	-	-	-	-	-	-	-
Sub total	45.05	19.72	0.28	-	-	-	65.05
Less : Allowance for credit impairment	-	-	-	-	-	-	-
Total	45.05	19.72	0.28	-	-	-	65.05

(₹ in lakhs)

As at 31st March, 2022	Not Due	Outstanding for following periods from due date					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	114.22	17.28	0.59	0.67	0.29	-	133.05
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	-	-	0.01	-	0.33	0.34
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables -credit impaired	-	-	-	-	-	1.85	1.85
Sub total	**114.22**	**17.28**	**0.59**	**0.68**	**0.29**	**2.18**	**135.24**
Less : Allowance for credit impairment	-	-	-	0.01	-	2.18	2.19
Total	**114.22**	**17.28**	**0.59**	**0.67**	**0.29**	-	**133.05**

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
10. Cash and cash equivalents		
Balances with Banks		
- Current accounts	23.41	17.29
Cheques in hand	1.58	–
Cash on hand	1.25	1.66
Total	26.24	18.95

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
11. Other bank balances		
In Deposit accounts *	2,238.65	2,394.95
Total	2,238.65	2,394.95

*Represents deposits with original maturity of more than 12 months and remaining maturity of less than 12 months.

Notes to the Financial statements (Contd.)

	As at 31st March, 2023 No. of Shares	As at 31st March, 2023 (₹ in Lakhs)	As at 31st March, 2022 No. of Shares	As at 31st March, 2022 (₹ in Lakhs)
12. Equity Share Capital				
Authorised				
Equity shares of ₹ 10 each	**31,70,00,000**	**31,700**	31,70,00,000	31,700
Redeemable, Non-convertible Preference Shares of ₹ 100 each	**1,87,00,000**	**18,700**	1,87,00,000	18,700
Issued and Subscribed				
Equity shares of ₹ 10 each, fully paid	**31,70,00,000**	**31,700**	31,70,00,000	31,700
a) Reconciliation of number of Shares				
Equity shares				
As at beginning of the year	**31,70,00,000**	**31,700**	31,70,00,000	31,700
Add: Issue of Shares	–	–	–	–
As at end of the year	**31,70,00,000**	**31,700**	**31,70,00,000**	**31,700**

b) The equity shares are issued by the Company at par value of ₹ 10 per share.

c) Rights, preferences and restrictions attached to Equity shares

The company has one class of equity shares having par value of ₹ 10 per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

	As at 31st March, 2023 No. of Shares	As at 31st March, 2023 %	As at 31st March, 2022 No. of Shares	As at 31st March, 2022 %
d) Shareholders holding more than 5% of the aggregate Shares in the Company				
Equity shares				
ITC Limited, the Holding Company, jointly with its nominees	**31,70,00,000**	**100%**	31,70,00,000	100%

	As at 31st March, 2023 No. of Shares	As at 31st March, 2023 (₹ in Lakhs)	As at 31st March, 2022 No. of Shares	As at 31st March, 2022 (₹ in Lakhs)
e) Shares held by holding company and its nominees				
Equity Shares				
ITC Limited, the Holding Company	**31,69,99,994**	**31,700**	31,69,99,994	31,700
ITC Limited, the Holding Company jointly with its nominees*	**6**	**0.00 ***	6	0.00*

*Represents ₹ 60.

f) Shares held by promoters

Particulars	Promoter Name	As at 31st March, 2023			As at 31st March, 2022		
		No of Shares as at end of the year	% of total shares	% Change during the year	No of Shares as at end of the year	% Of total shares	% Change during the year
Equity shares of ₹ 10 each fully paid	ITC Limited, the Holding Company	**31,69,99,994**	**100%**	–	31,69,99,994	100%	–
Equity shares of ₹ 10 each fully paid	ITC Limited, the Holding Company jointly with its nominees	**6**	**0%**	–	6	0%	–
Total		**31,70,00,000**	**100%**	–	31,70,00,000	100%	–

(₹ in lakhs)

	As at 31st March, 2023		As at 31st March, 2022	
13. Other financial liabilities				
Non-Current				
Deposits received from Members				
Security deposits received	**3,172.05**		3,149.23	
Less: Subscription fees receivable	**(54.80)**	**3,117.25**	(62.66)	3,086.57
ITC ESARs compensation payable		**2.24**		3.01
Total		**3,119.49**		**3,089.58**
Current				
Deposits received from Members				
Security deposits received	**58.93**		77.76	
Less: Subscription fees receivable	**(2.35)**	**56.58**	(3.17)	74.59
Other deposits received		**3.25**		3.25
Others				
- Retention money payable on purchase of property, plant and equipments		**1.20**		0.32
- Employee benefits payable		**26.52**		23.11
- ITC ESARs compensation payable		**7.11**		1.20
Total		**94.66**		**102.47**

Notes to the Financial statements (Contd.)

	As at 31st March, 2023 Current	As at 31st March, 2023 Non- Current	As at 31st March, 2022 Current	As at 31st March, 2022 Non- Current
	(₹ in lakhs)		(₹ in lakhs)	
14. Provisions				
Provision for employee benefits (Refer Note 24)				
Retirement benefits	**10.07**	**95.52**	8.09	79.02
Other benefits	**16.85**	**36.03**	4.51	41.51
Total	**26.92**	**131.55**	**12.60**	**120.53**

	As at 31st March, 2023 Current	As at 31st March, 2023 Non- Current	As at 31st March, 2022 Current	As at 31st March, 2022 Non- Current
	(₹ in lakhs)		(₹ in lakhs)	
15. Other Liabilities				
Advances received from customers	**30.35**	–	18.01	–
Revenue received in advance	**318.00**	**482.19**	315.45	365.67
Statutory liabilities	**27.31**	–	39.13	–
Total	**375.66**	**482.19**	**372.59**	**365.67**

	For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
16. Revenue from Operations		
(A) Sale of services and products		
Sale of services		
Membership income*	**1,194.95**	1,018.45
Green fees	**565.06**	403.80
Caddie fees	**264.41**	157.27
Cart rental	**317.25**	295.61
Guest Entry Fees, Golf Set Rental & Range Income	**83.71**	71.50
Advertisement income	**71.91**	37.15
License fees	**598.49**	550.20
Food & Beverages	**351.72**	193.50
	3,447.50	**2,727.48**
Sale of products	**2.92**	3.09
Total (A)	**3,450.42**	**2,730.57**
(B) Other Operating Revenues		
Service Export from India Scheme income	–	1.00
Insurance claim received	**0.41**	1.99
Liabilities Written Back	**3.14**	15.65
Others including scrap sales	**7.13**	5.82
Total (B)	**10.68**	**24.46**
Revenue from operations (A+B)	**3,461.10**	**2,755.03**

*Includes amortisation of New Individual, Corporate and Tenure membership fees of ₹ 347.67 lakhs (2022: ₹ 294.56 lakhs).

	For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
17. Other Income		
Interest Income		
- Deposits with banks etc. - carried at amortized cost	**208.59**	170.63
- Interest on refund of Income Tax	**5.03**	5.52
- From members on delayed payments	**6.83**	2.20
- Others (from statutory authorities etc.)	**1.04**	0.54
Other gains and losses		
- Net gain arising on financial assets mandatorily measured at FVTPL*	**35.69**	10.13
Others	**2.99**	1.46
Total	**260.17**	**190.48**

* Includes ₹ 34.37 lakhs (Previous Year ₹ 8.16 lakhs) being net gain on sale of investments.

	For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
18. Employee benefit expenses		
Salaries and wages, including bonus	**468.54**	417.71
Contribution to Provident and other funds	**33.68**	30.70
Staff welfare expenses	**60.57**	46.73
Reimbursement of manager's salary on deputation	**217.68**	208.99
Share based payments to employees (Refer note 25)	**5.14**	0.62
Total	**785.61**	**704.75**

Notes to the Financial statements (Contd.)

(₹ in lakhs)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
19. Other expenses		
Power & Fuel	**195.57**	171.31
Consumption of Stores and Spare parts	**164.90**	139.22
Rent including lease rentals	**23.82**	11.74
Contracted Manpower and Services	**358.54**	282.14
Rates and taxes	**54.39**	52.84
Insurance	**18.99**	22.02
Repairs and maintenance - Buildings	**27.15**	22.26
Repairs and maintenance - Machinery	**44.47**	41.49
Repairs and maintenance - Others	**76.07**	63.96
Maintenance and upkeep	**54.65**	56.44
Advertising / Sales promotion	**55.37**	14.20
Travelling and Conveyance Expenses	**33.90**	26.32
Hire Charges	**9.41**	6.08
Legal Expenses	**32.84**	16.95
Consultancy / Professional fees	**30.55**	29.04
Bank and credit card charges	**25.55**	18.13
Postage, telephone etc.	**3.85**	4.00
Printing and Stationery	**8.80**	6.99
Information Technology Services	**42.34**	38.80
Bad debts & Advance written off	**0.62**	-
Net loss on property, plant and equipment sold and written off (including Capital Work-in-Progress-Project)	**20.52**	303.51
Auditors remuneration and expenses*	**17.47**	17.26
Expenditure on Corporate Social Responsibility (CSR) activities (Refer Note 26)	**8.56**	-
Miscellaneous expenses	**18.00**	8.54
Total	**1326.33**	1353.24
* Auditors remuneration and expenses (excluding taxes):		
- Audit fees	**14.50**	14.50
- Tax audit fees	**2.00**	2.00
- Fees for other services#	–	0.36
- Reimbursement of expenses	**0.97**	0.40
	17.47	**17.26**

Excludes ₹ 2.20 lakhs (Previous Year - ₹ NIL) , capitalised under Intangible Assets.

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
20. Earnings per share		
Earnings per share has been computed as under:		
(a) Profit for the year (₹ in lakhs)	**968.46**	284.82
(b) Weighted average number of Equity shares outstanding for the purpose of basic earnings per share	**31,70,00,000**	31,70,00,000
Basic/ Diluted Earnings per share on profit for the year(Face Value ₹10 per share) [(a)/(b)](in ₹)	**0.31**	0.09

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
21. Contingent liabilities and commitments :		
(a) Claims against the Company not acknowledged as debts:		
(i) Legal cases	–	15.00
(ii) Entertainment duty	**552.62**	552.62

All the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of management the legal proceedings, when ultimately concluded, will not have a material effect on results of operations or financial position of the Company.

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(b) Outstanding capital commitments:		
Estimated value of contracts in capital account remaining to be executed on Property, plant and equipment.	**241.69**	79.02

(₹ in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
22. Micro, Small and Medium Enterprises		
Details relating to micro, small and medium enterprises is disclosed below:		
(a) The principal amount and the interest due thereon remaining unpaid to any supplier;*	–	–
(b) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day;	–	–
(c) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	–	–
(d) The amount of interest accrued and remaining unpaid; and	–	–
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	–	–

*The Company does not have any interest due which is remaining unpaid to any supplier at the end of the accounting year. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Notes to the Financial statements (Contd.)

Ageing of Trade Payable

(₹ in lakhs)

As at 31st March, 2023	Not Due	Unbilled Payable	Outstanding for following periods from date of transaction				Total
			Less than 1 Year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-	-
Others	159.23	144.73	-	-	-	-	303.96
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	**159.23**	**144.73**	**-**	**-**	**-**	**-**	**303.96**

As at 31st March, 2022	Not Due	Unbilled Payable	Outstanding for following periods from date of transaction				Total
			Less than 1 Year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-	-
Others	30.82	147.01	4.57	-	-	-	182.40
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	**30.82**	**147.01**	**4.57**	**-**	**-**	**-**	**182.40**

23. Disclosures in respect of leases

Company as Lessee:

The Company's leasing arrangement is in respect of residential accommodation taken on rent for staff and certain equipment obtained on hire for the operations of the Company. These leases have been classified as Short term leases in accordance with "Ind AS 116 Leases" and the exemption available under Para 5 of Ind AS 116 Leases has been availed. Accordingly, the lease payments are recognised as an expense on straight-line basis over the lease term in accordance with respective agreements.

With regard to above leases:

Particulars	As at 31st March, 2023 (₹ in Lakhs)	As at 31st March, 2022 (₹ in Lakhs)
Expense relating to short-term leases	12.40	10.12
Expense relating to leases of low-value assets	–	–
Total cash outflow for leases	12.40	10.12
Lease liabilities payable - Not later than a year	5.01	8.00

23.A. Licensing Arrangement:

i) Licensing arrangements that existed during the year are in respect of agreement with ITC Limited (w.e.f. March'2011), for hotel property owned by the Company and rental of spaces within the premises given on license to certain third parties to carry out commercial activities.

ii) Such licensing arrangements are secured by agreements / contracts, which provide for adequate safeguards to mitigate any risk that may arise to the underlying assets given out on lease.

iii) Since the license payments from the agreement with ITC Limited is contingent on the future Net income likely to accrue to the Hotel, the Company expects to receive a minimum of ₹ 450 lakhs for each of the next 5 financial years and beyond.

iv) Items of property, plant and equipment disclosed under note 3 which are subject to an operating lease are mentioned below:

(₹ in lakhs)

Asset Class	As at 31st March 2023		As at 31st March 2022	
	Gross Block	Net Block	Gross Block	Net Block
Land	100.00	100.00	100.00	100.00
Building	13,272.06	11,580.37	13,317.01	11,831.77
Plant & Machinery	152.02	73.69	152.02	83.48
Furniture and Fixtures	19.42	1.00	19.42	2.80

24. Disclosure required under Indian Accounting Standard (Ind AS) 19

a) Defined Benefit Plans - As per actuarial Valuations as on 31st March 2023 and recognised in the financial statements in respect of Employee Benefit Schemes:

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Risk Management

As the plans are unfunded, the defined benefit plans expose the Company to actuarial deficit arising out of interest rate risk and salary cost inflation risk. The Management, considering cost benefit analysis, is of the view that Company need not fund its defined benefit obligation. Further, the Company maintains adequate liquidity to ensure that funds are available for satisfying such obligations. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks.

Notes to the Financial statements (Contd.)

(₹ in lakhs)

		For the year ended 31st March, 2023 Gratuity Unfunded	For the year ended 31st March, 2022 Gratuity Unfunded
I	**Components of Employer Expense Recognised in Profit or Loss**		
1	Current Service Cost	9.32	9.30
2	Net Interest Cost	5.71	4.85
3	**Total expense recognised in the Statement of Profit and Loss**	15.03	14.15
	Re-measurements recognised in Other Comprehensive Income		
4	Effect of changes in demographic assumptions	(0.10)	–
5	Effect of changes in financial assumptions	(4.22)	**(2.44)**
6	Effect of experience adjustments	12.80	(0.96)
7	**Total re-measurements included in Other Comprehensive Income**	8.48	**(3.40)**
8	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (3+7)**	23.51	**10.75**

The current service cost and net interest expense for the year pertaining to Gratuity expenses have been recognised in "Salaries and wages, including bonus" in "Employee benefit expenses" under Note 18. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.

(₹ in lakhs)

		As at 31st March, 2023 Gratuity	As at 31st March, 2022 Gratuity
II	**Net Asset/(Liability) recognised in Balance Sheet**		
1	Present Value of Defined Benefit Obligation (DBO)	105.59	87.11
2	Fair value of plan assets	–	–
3	Net defined benefit liability (asset)	105.59	87.11
	- Current	10.07	8.09
	- Non current	95.52	79.02

		For the year ended 31st March, 2023 Gratuity	For the year ended 31st March, 2022 Gratuity
III	**Change in Defined Benefit Obligation (DBO)**		
1	Present Value of DBO at the beginning of the year	87.11	78.76
2	Current Service Cost	9.32	9.30
3	Interest Cost	5.71	4.85
	Remeasurement gains / (losses):		
4	Effect of changes in demographic assumptions	(0.10)	–
5	Effect of changes in financial assumptions	(4.22)	(2.44)
6	Effect of experience adjustments	12.80	(0.96)
7	Benefits Paid	(5.03)	(2.40)
8	**Present Value of DBO at the end of the year**	105.59	**87.11**
IV	**Actuarial Assumptions**	Gratuity	Gratuity
1	Discount Rate (%)	7.50%	6.75%
2	Pre-retirement mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
3	Salary increase rate	7.50%	7.50%
4	Attrition Rate	10%	10%
5	Retirement Age	58	58
6	Disability	Nil	Nil

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

		As at 31st March, 2023 Gratuity	As at 31st March, 2022 Gratuity
V	**Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)**		
1	Present Value of Defined Benefit Obligation	(105.59)	(87.11)
2	Status [Surplus/(Deficit)]	–	–
3	Experience Adjustment of obligation [(Gain)/ Loss]	–	–

(b) Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 18: ₹ 33.68 lakhs (2022 - ₹ 30.70 lakhs).

VI Sensitivity Analysis

The sensitivity analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities hold all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of sensitivity analysis from previous year.

(₹ in lakhs)

		Sensitivity analysis - Gratuity	
VII	**Sensitivity analysis - DBO end of year**	DBO as at 31st March, 2023	DBO as at 31st March, 2022
1	Discount Rate + 100 basis points	100.42	82.38
2	Discount Rate - 100 basis points	111.28	92.35
3	Salary Increase Rate + 1%	110.92	91.84
4	Salary Increase Rate – 1%	100.65	82.76
5	Attrition Rate + 1%	105.38	86.72
6	Attrition Rate - 1%	105.78	87.51

Notes to the Financial statements (Contd.)

25. Information in respect of Options granted under ITC Limited's Employee Stock Option Schemes ('Schemes'):

(i) The eligible employees of ITC Limited (ITC), who are deputed to the Company at its request, are covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of ₹ 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. The options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits sweat equity) Regulations 2021.

ITC ESAR:

Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation units (SARs) vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

(ii) The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

(iii) In accordance with Ind AS 102, an amount of ₹ NIL (2022: Nil) towards ITC ESOS and ₹ 5.14 lakhs (2022: ₹ 0.62 lakhs) towards ITC ESAR has been recognised as employee benefits expense (Refer Note 18). Such charge has been recognised as employee benefits expense with corresponding credit to current / non – current financial liabilities, as applicable.

Out of the above, ₹ 1.82 lakhs (2022: ₹ 0.47 lakhs) is attributable to key management personnel for ITC ESAR [Mr. Shikhar Maheshwari ₹ 1.82 lakhs (2022: ₹ 0.19 lakhs) and Mr. Ravi Khyani ₹ NIL (2022 : ₹ 0.28 lakhs)].

The summary of movement of such options granted by ITC (ITC ESOS) and status of the outstanding options is as under:

Particulars	As at 31st March, 2023 No. of Options	As at 31st March, 2022 No. of Options
No. of Options Outstanding at the beginning of the year	7,745	18,748
Options Granted during the year	–	–
Effects of Corporate Action (Bonus)	–	–
Options Forfeited / Surrendered during the year	–	2,615
Options due to transfer in and transfer out	–	-8,388
Options Exercised during the year	4,425	–
Number of options Outstanding at the end of the year	3,320	7,745
Number of Options exercisable at the end of the year	3,320	7,745
Options Vested and Exercisable during the year	–	–

Note: The weighted average exercise price of the options granted to all Optionees under the ITC ESOS is computed by ITC as a whole.

26. Corporate Social Responsibility (CSR):

(₹ in lakhs)

	Particulars	As at 31st March, 2023	As at 31st March, 2022
(i)	Amount required to be spent by the company during the year	8.40	–
(ii)	Amount of expenditure incurred	8.56	–
(iii)	Shortfall at the end of the year	–	–
(iv)	Total of previous years shortfall	–	–
(v)	Reason for shortfall	Not Applicable	–
(vi)	Nature of CSR activities	Improve quality of education and government school infrastructure	–
(vii)	Details of related party transactions	Not Applicable	–
(viii)	Movement of provision during the year w.r.t. liability towards contractual obligation.	Not Applicable	–

27. Segment Reporting

The operating segment of the Company has been identified in a manner consistent with the internal reporting provided to the Management Committee, who is the Chief Operating Decision Maker, based on which there is only one operating segment in which the Company operates i.e. Leisure and Hospitality within one geographical segment i.e. India.

The total revenue of the company includes transaction with its Holding company on account of operating license fees and other services which is more than 10% of the total revenue. The Non current assets are located within India.

28. Other Financial non-current Liabilities include ₹ 2,992.55 lakhs (Previous year ₹ 2,997.73 lakhs) as deposits received from individuals towards golf memberships and ₹ 179.50 lakhs (Previous year ₹ 151.50 lakhs)received from Corporates towards Golf Memberships. The individual memberships are long term tradable memberships which are to be refunded at the time of termination or surrender of the membership. The tenure of the individual membership plan is a lifetime membership and after the demise of a member, the membership is transferred to the nominee, and the nominee holds it for his/ her lifetime, therefore it has been classified as non-current, given the nature of its business and presenting the true economic position of the Company.

Other Financial current liabilities ₹ 58.93 lakhs (Previous year ₹ 77.76 lakhs) represent deposits received from Corporates towards Golf Memberships.

29. Accounting for Taxes on Income:

Components of deferred tax asset / liability are:

(₹ in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Deferred tax assets		
On Unabsorbed depreciation	2,463.93	2,531.32
On Unabsorbed business loss	–	–
Other timing differences	62.78	57.31
Deferred tax liabilities		
Depreciation	(2,029.38)	(1,924.34)
Net Deferred Tax Asset	**497.33**	**664.29**

In view of the significant carry forward income tax losses (unabsorbed depreciation) and there being no reasonable/ virtual certainty of significant profits in the near future, net deferred tax asset as at 31st March 2023 has not been recognized in the books of accounts.

30. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

31. There are no amounts that are due to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder.

Notes to the Financial statements (Contd.)

32. Related Party Transactions

(i) **Names of related parties and nature of relationship**

Holding Company	ITC Limited

(ii) **Key Management Personnel (KMP)**

Mr. Nakul Anand	Chairman & Non-Executive Director
Mr. Rajiv Tandon	Non-Executive Director (up to 21st July, 2022)
Mr. Jagdish Singh	Non-Executive Director
Mr. Ashish Thakar	Non-Executive Director (From 3rd August, 2022)
Ms. Ratna Chadha	Non-Executive Director
Mr. Rajat Sethi	Manager (up to 31st March, 2023)
Mr. Shikhar Maheshwari	Chief Financial Officer
Ms. Rucche Siingh	Company Secretary

(iii) **Other Related Parties with whom the Company had transactions :**

Fellow Subsidiaries	Srinivasa Resorts Limited
Associate of Holding Company	International Travel House Limited
Key Management Personnel of the Holding Company	Mr. Anil Rajput Mr. Hemant Malik Mr. Sanjiv Rangrass (up to 3rd June, 2022)
Relatives of Key Management Personnel of Company	Mr. Varun Chadha (Son of Ms. Ratna Chadha)

(iv) **Disclosure of Transactions between the Company and related parties** (₹ in Lakhs)

RELATED PARTY TRANSACTIONS SUMMARY		Holding Company		Fellow Subsidiaries		Associate of Holding Company		Key Management Personnel of the Company, Holding Company and their relatives		Total	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
1	Sale of Services#	114.92	97.66	-	-	-	-	2.66	2.28	117.58	99.94
2	Purchase of Goods#	0.63	-	-	-	-	-	-	-	0.63	-
3	Purchase of Services#	99.46	78.26	-	-	3.50	0.60	-	-	102.96	78.86
4	Recovery of Contractual Remuneration	-	0.18	-	-	-	-	-	-	-	0.18
5	Expenses Recovered	0.84	0.85	-	-	-	-	-	-	0.84	0.85
6	License Fees Received#	686.63	634.80	-	-	-	-	-	-	686.63	634.80
7	Expenses Reimbursed										
	- Remuneration of managers on deputation reimbursed**	245.82	217.95	-	-	-	-	3.78	4.46	249.60	222.41
	- Cash Settled Share Based Payments**	5.14	0.62	-	-	-	-	-	-	5.14	0.62
	- Others	25.62	31.19	-	0.38	-	-	0.20	1.50	25.82	33.07
8	Remuneration to KMP - Short term benefits*	-	-	-	-	-	-	17.11	13.44	17.11	13.44
9	Director Sitting Fee	-	-	-	-	-	-	1.25	1.20	1.25	1.20

* Post employment benefits are actuarially determined on overall basis and hence not separately provided.

** This includes reimbursement towards remuneration (including perquisites) of Key management personnel - ₹ 143.43 lakhs (Previous year ₹ 130.63 lakhs), including cash settled share based payments of ₹ 1.82 lakhs (Previous year ₹ 0.47 lakhs)

\# Includes GST

(v) **DISCLOSURE OF THE STATUS OF OUTSTANDING BALANCES**

(₹ in Lakhs)

RELATED PARTY TRANSACTIONS SUMMARY		Holding Company		Fellow Subsidiaries		Associate of Holding Company		Key Management Personnel of the Company, Holding Company and their relatives	
		2023	2022	2023	2022	2023	2022	2023	2022
1	Payables	40.43	24.67	-	-	-	0.16	-	-
2	Receivables	34.76	99.04	-	-	-	-	-	0.04

Notes to the Financial statements (Contd.)

33. Ratio Disclosures

Particulars	Numerator	Denominator	As at 31st March, 2023	As at 31st March, 2022	% Variance	Reasons for Variance
Current Ratio (in times)	Current Assets	Current Liabilities	**3.39**	5.27	-35.61%	Refer Note 1.
Return on Equity Ratio (in %)	Profit for the year	Average Shareholder's Equity	**3.90%**	1.18%	2.73%	
Inventory turnover ratio (in times)	Gross Revenue from sale of products and services	Average Inventory	**35.92**	27.92	28.68%	Refer Note 2.
Trade Receivables turnover ratio (in times)	Gross Revenue from sale of products and services	Average Trade Receivables	**34.84**	31.85	9.38%	
Trade payables turnover ratio (in times)	COGS + Other Expenses – Non-cash Expenditure	Average Trade Payables	**5.59**	4.55	22.91%	
Net capital turnover ratio (in times)	Gross Revenue from sale of products and services	Working Capital (Current Assets – Current Liabilities)	**1.80**	0.95	88.57%	Refer Note 3.
Net profit ratio (in %)	Profit for the year	Gross Revenue from sale of products and services	**28.07%**	10.43%	17.64%	
Return on Capital employed (in %)	Profit before interest and taxes	Average Capital Employed	**3.90%**	1.18%	2.73%	
Return on investment (in %)	Income from investment	Time Weighted Average Investments	**5.76%**	3.55%	2.19%	

Note 1 - Decrease in Current Assets due to reduction in current investments and trade receivables.

Note 2 - Increase in Gross Revenue from sale of products and services.

Note 3 - Increase in Gross Revenue from sale of products and services coupled with reduction in working capital.

Note 4 - Debt-Equity Ratio and Debt Service Coverage Ratio are not applicable to the Company.

34. Other Disclosures in respect of Revenue from sale of services:

a) In respect of advance membership fees collected from members:

i) The performance obligation is usage of the services of the club and its facilities. The Company adopts the output method and recognises revenue over a period of time. For the nature of services provided by the club, this method provides the most faithful depiction of the transfer of services to the customer.

ii) the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period and is expected to be recognised in the statement of profit and loss as mentioned below:

(₹ in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
0 to 1 years	**318.00**	315.45
1 to 3 years	**321.12**	256.97
3 to 10 years	**161.07**	108.70

35. The Company has not advanced or loaned or invested funds either from borrowed funds or share premium or any other sources or kind of funds to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

The Company has not received any funds from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes to the Financial statements (Contd.)

36. Financial Instruments and Related Disclosures

1. Capital Management

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustained stakeholder value. The Company funds its operations through internal accruals. The Company aims at maintaining adequate supply of funds towards future growth of its businesses as a going concern.

2. Categories of Financial Instruments

(₹ in Lakhs)

Particulars	Note	As at 31st March, 2023		As at 31st March, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	10	26.24	26.24	18.95	18.95
ii) Other bank balances	11	2,238.65	2,238.65	2,394.95	2,394.95
iii) Trade receivables	9	65.05	65.05	133.05	133.05
iv) Other financial assets	5	3,021.31	3,021.31	869.05	869.05
Sub - total		**5,351.25**	**5,351.25**	**3,416.00**	**3,416.00**
b) Measured at Fair value through Profit & Loss					
- Investments in Mutual Funds	8	174.96	174.96	693.16	693.16
Sub - total		**174.96**	**174.96**	**693.16**	**693.16**
c) Measured at Fair value through Other Compre hensive Income					
- Equity shares*	4	0	0.00	0.00	0.00
Sub - total		**0.00**	**0.00**	**0.00**	**0.00**
Total financial assets		**5,526.21**	**5,526.21**	**4,109.16**	**4,109.16**
B. Financial liabilities					
a) Measured at amortised cost					
(i) Trade Payables		303.96	303.96	182.40	182.40
(ii) Other financial liabilities	13	3,214.15	3,214.15	3,192.05	3,192.05
Total financial liabilities		**3,518.11**	**3,518.11**	**3,374.45**	**3,374.45**

*Represents ₹ 150.

3. Financial risk management objectives

The Company's activities covers operation of a golf course and licensing arrangement for a hotel property with the holding company. The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard. The Company rarely undertakes any transaction denominated in foreign currency which results in exchange rate fluctuations thereby leading to insignificant foreign exchange currency risk.

a) Liquidity risk

The Company's Current assets aggregate to ₹ 2,718.28 lakhs (2022 - ₹ 3,530.86 lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 2,439.85 lakhs (2022 - ₹ 3,107.06 lakhs) against an aggregate Current liability of ₹ 801.18 lakhs (2022 - ₹ 670.06 lakhs); Non-current liabilities due between one year to three years amounting to ₹ 69.31 lakhs (2022 - ₹ 81.37 lakhs) and Non-current liability due after three years amounting to ₹ 107.02 lakhs (2022 - ₹ 70.75 lakhs) on the reporting date.

Further, the Company's total equity stands at ₹ 25,305.76 lakhs (2022 - ₹ 24,345.78 lakhs), and it has no borrowings. In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist. Security deposits from individual members have not been included above since these are long term tradeable memberships which are to be refunded at the time of termination or surrender of the membership. Since these memberships are long term in nature, their expiry is not ascertainable. Accordingly, their fair value has been considered to be same as carrying value.

b) Credit risk

Company's deployment in debt instruments are primarily in fixed deposits with highly rated banks. Fixed deposits with banks that are held at amortised cost stood at ₹ 5,175.65 lakhs (2022 - ₹ 3,111.95 lakhs). Thus, counter party risk attached to such assets is considered to be insignificant. Similarly, investment in debt mutual funds are made only with approved mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house. There are limits for any exposure to financial institutions.

Company's customer base is diverse. The Company's historical experience of collecting receivables, and by the level of default, is that credit risk is low. Individual customer credit limits are sanctioned based on relevant factors such as market feedback, business potential and past records on selective basis. The Company's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 65.05 lakhs (2022 – ₹ 133.05 lakhs).

All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognised, where considered appropriate by the responsible management. Accordingly, allowance for doubtful assets has been recognised based on the review of the Management Committee, where applicable.

c) Market risk

The Company's investments are predominantly held in fixed deposits, liquid mutual funds and overnight debt fund schemes. Fixed deposits are held with highly rated banks and are not subject to interest rate volatility. The Company also invests in mutual fund schemes and overnight debt fund schemes of leading fund houses. Such investments are susceptible to market price risk that arises mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the schemes in which the Company has invested, such price risk is not significant.

Notes to the Financial statements (Contd.)

4. **Fair value measurement**

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

There has been no change in the valuation methodology for Level 3 inputs during the year.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis

(₹ in Lakhs)

Particulars	Fair Value		
	Fair Value Hierarchy (Level)	As at 31st March, 2023	As at 31st March, 2022
A. Financial assets			
a) Measured at amortised cost			
- Others financial assets	3	**2,956.36**	733.39
b) Measured at Fair value through Profit & Loss			
- Investments in Mutual Funds	1	**174.96**	693.16
c) Measured at Fair value through Other Comprehensive Income			
- Equity shares* (designated upon initial recognition)	3	**0.00**	0.00
Total financial assets (a+b+c)		**3,131.32**	**1,426.55**
B. Financial liabilities			
a) Measured at amortised cost			
- Other financial liabilities	3	**3,119.49**	3,089.58
Total financial liabilities		**3,119.49**	**3,089.58**

***Represents ₹ 150.**

37. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

- Ind AS 1, 'Presentation of Financial Statements' - The amendments require companies to disclose their material accounting policies rather than their significant accounting policies.
- Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments clarify how companies account for deferred tax on transactions such as leases.
- Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – This amendment has introduced a definition of 'accounting estimates' and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these amendments."

38. The financial statements were approved for issue by the Board of Directors on April 19, 2023.

On behalf of the Board

Nakul Anand
Chairman
DIN : 00022279
Gurugram

Ashish Thakar
Director
DIN : 09383474
Gurugram

Rishi Mattu
Manager
Chennai

Shikhar Maheshwari
Chief Financial Officer
Gurugram

Rucche Siingh
Company Secretary
Gurugram

Date: April 19, 2023

REPORT OF THE BOARD OF DIRECTORS
TO THE MEMBERS OF WIMCO LIMITED

1. Your Directors submit their Report for the financial year ended 31st March, 2023.

2. COMPANY PERFORMANCE

The Company's business activities comprise fabrication and assembly of machinery for tube filling, cartoning, wrapping, material handling including conveyor solutions, and engineering services, inter alia, for the FMCG and Pharmaceutical industries.

Your Company's order book for machines, during the year, remained muted due to adverse operating environment. The Revenue from Operations of your Company for the year stood at ₹ 1,146.39 lakhs (previous year: ₹ 1,161.92 lakhs), with Net Profit of ₹ 16.49 lakhs (previous year: Loss of ₹ 42.48 lakhs).

The Company continues to focus on developing superior solutions towards addressing customer requirements.

3. DIVIDEND

In view of the accumulated losses, your Directors are unable to recommend any dividend for the year under review.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Changes in Directors and Key Managerial Personnel

Mr. Dharmarajan Ashok (DIN: 02009735) was appointed, with your approval, as a Non-Executive Director of the Company, liable to retire by rotation. Mr. Ashok was also appointed by the Board of Directors as the Chairman of your Company with effect from 22nd July, 2022.

Mr. Samir Vijay Limaye (DIN: 01757813) will complete his present term as the Wholetime Director of your Company on 6th June, 2023. The Board of Directors of your Company ('the Board') at the meeting held on 28th April, 2023 appointed Mr. Limaye as an Additional Director and, subject to the approval of the Members, also as the Wholetime Director of the Company with effect from 7th June, 2023, in terms of the provisions of Sections 196, 197 and 203 of the Companies Act, 2013 ('the Act'). By virtue of the provisions of the Articles of Association of your Company and Section 161 of the Act, Mr. Limaye will vacate office at the ensuing Annual General Meeting ('AGM') of the Company. The Board at the aforesaid meeting recommended for the approval of the Members, appointment of Mr. Limaye as a Director, liable to retire by rotation, and also as the Wholetime Director of your Company for a period of two years with effect from 7th June, 2023, or upon completion of his period of deputation from ITC Limited, the Holding Company ('ITC'), whichever is earlier. Notice under Section 160 of the Act has been received by the Company for the appointment of Mr. Limaye, who has filed his consent to act as a Director of your Company, if appointed.

Appropriate resolution seeking your approval to Mr. Limaye's appointment, as stated above, is appearing in the Notice convening the ensuing AGM of the Company. The appointment of Mr. Limaye is and will continue to be governed by the resolutions passed by the Board and the Members of the Company. The statutory provisions apply with respect to notice period and severance fee.

Mr. Rajiv Tandon (DIN: 00042227), consequent to his retirement from the services of ITC, stepped down as the Chairman and Non-Executive Director of your Company with effect from 22nd July, 2022. Your Directors place on record their appreciation for the valuable contribution made by Mr. Tandon during his tenure with the Company.

There were no other changes in the Directors or Key Managerial Personnel of your Company during the year.

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with the Articles of Association of the Company, Mr. Samir Vijay Limaye (DIN: 01757813) and Ms. Nidhi Bajaj (DIN: 02171721), Directors, will retire by rotation at the ensuing AGM of the Company, and being eligible, offer themselves for re-election. Your Board has recommended their re-election.

5. SHIFTING OF REGISTERED OFFICE

The Company, pursuant to your approval at the Extraordinary General Meeting held on 16th September, 2022, filed application with the Regional Director - Western Region, Ministry of Corporate Affairs, Government of India, for shifting of the Registered Office of the Company from the 'State of Maharashtra' to the 'State of West Bengal', in terms of the provisions of Sections 12 and 13(4) of the Act read with the Companies (Incorporation) Rules, 2014. Final order from the Regional Director in this connection is awaited.

6. BOARD MEETINGS

Four meetings of the Board were held during the year ended 31st March, 2023.

7. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 of the Act, your Directors confirm having:

(i) followed in the preparation of the Annual Accounts for the financial year ended 31st March, 2023, the applicable Accounting Standards with proper explanation relating to material departures, if any;

(ii) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) prepared the Annual Accounts on a going concern basis; and

(v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

8. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company does not have any subsidiary, associate or joint venture.

9. PARTICULARS OF EMPLOYEES

The relations between your Company and its employees continued to remain cordial during the year under review. The details of top ten employees of the Company in terms of remuneration drawn, as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in Annexure 1 to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has constituted an Internal Complaints Committee in compliance with the applicable provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint for sexual harassment was received.

10. RISK MANAGEMENT

The Company's risk management framework addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. The Internal Auditors of the Company, appointed by the Board, periodically carry out risk focused audits with the objective of identifying areas where risk management processes could be further strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

A combination of policies and processes, as outlined above, adequately addresses the various risks associated with the Company's business.

11. INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditors of the Company periodically evaluate the adequacy and effectiveness of such internal financial controls. The Board provides guidance on internal controls, and also reviews internal audit findings and implementation of internal audit recommendations.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes are undertaken to ensure that such systems are reinforced on an ongoing basis.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2023, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

13. RELATED PARTY TRANSACTIONS

During the year under review, all the related party transactions entered into by the Company were in the ordinary course of business and at arm's length. The details of material related party transaction entered into by the Company during the year ended 31st March, 2023 in the prescribed Form No. AOC-2 are enclosed under Annexure 2 to this Report.

14. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

15. COST RECORDS

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

16. STATUTORY AUDITORS

Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), were re-appointed as the Statutory Auditors of your Company at the 96th AGM held on 9th August, 2019 to hold such office till the conclusion of the 101st AGM (up to financial year 2023-24). Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of DHS for the financial year 2023-24. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

17. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's operations do not involve substantial consumption of power in comparison to the costs of production. However, the Company takes due care to efficiently utilise and manage energy resources resulting in cost savings. The Company also continuously works on productivity improvements during fabrication and assembly of machinery for various customers.

No new technology was adopted by the Company during the year. The Company earned foreign exchange of ₹ 58.08 lakhs during the year under the review, while there was no outflow of foreign exchange.

19. ACKNOWLEDGEMENT

The Board acknowledges the support of the Government, shareholders, banks, customers, suppliers and business associates, and the dedication and hard work of its employees.

On behalf of the Board

D. Ashok	**S. V. Limaye**
Chairman	Wholetime Director
DIN: 02009735)	(DIN: 01757813)

Date: 28th April, 2023

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2023

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Names of Employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
S. Mundra *	37	Chief Financial Officer	87,58,522/-	49,47,299/-	B.Com, A.C.A.	13	01.07.2017	Assistant Manager (Finance) - ITC Limited
S. V. Limaye *	57	Wholetime Director	42,05,592/-	24,87,270/-	B.E. (Prodn.), P.G.P.M.	30	11.01.2021	Vice President - Wimco Limited
Y. V. Potdar	45	Manager - Purchase	9,08,301/-	8,58,851/-	Diploma in Mechanical Engineering	24	13.08.2018	Factory Head - Wraptech Private Limited
A. G. Gaikar	34	Manager – Sales	8,04,061/-	7,78,656/-	B.E. (Mechanical)	12	16.08.2019	Deputy Manager - FBF Homogenizers India Private Limited
V. S. Jadhav	48	Manager - Accounts	6,85,728/-	6,48,472/-	B.Com	27	05.02.2006	Accounts Assistant - Fudkor India Private Limited
G. S. Patil	36	Manager – Service	6,38,457/-	5,96,351/-	B.E. (Instruments)	14	17.07.2017	Service Engineer - Sipa India Private Limited
R. S. Reddy	28	Manager – Sales	5,27,861/-	5,03,750/-	B.Tech. (Mechanical)	9	14.11.2018	Service Engineer - Chamunda Pharma Machinery Private Limited
L. G. Patil	44	Asst. Manager - Service	4,94,097/-	4,69,992/-	HSC, ITI	23	24.09.2007	Maintenance Foremen - Global Healthcare
P. D. Medidar	56	Technician	4,85,984/-	4,63,120/-	SSC, NCVT ITI	36	01.12.1986	Nil
K. Sudhansu	36	Sales Manager	4,80,988/-	4,56,882/-	B.Tech, P.G.D.M	11	14.04.2015	Sales Engineer - Memory Repo System Private Limited

** On deputation from ITC Limited, the Holding Company ('ITC').*

Notes:

(a) Gross remuneration includes salary, variable pay / performance bonus, long-term incentives, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

(b) Net remuneration comprises cash income less tax deducted at source and employee's own contribution to provident fund.

(c) Certain employees of the Company have been granted Stock Options by ITC under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. Since such Stock Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options, and accordingly the said grant has not been considered as remuneration.

(d) All appointments (except deputed employees) are contractual in accordance with terms and conditions as per the Company's rules.

(e) The aforesaid employees are neither relative of any Director of the Company nor hold any equity share in the Company.

On behalf of the Board

D. Ashok	**S. V. Limaye**
Chairman	Wholetime Director
(DIN: 02009735)	(DIN: 01757813)

Dated : 28th April, 2023

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2023

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	**NIL**
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188.	

2. Details of material contracts or arrangements or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the Holding Company
b)	Nature of contracts / arrangements / transactions	Sale of machineries and related spares / services related to machine maintenance, installation, repairs, etc.
c)	Duration of the contracts / arrangements / transactions	Ongoing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year - ₹ 406 lakhs
e)	Date of approval by the Board, if any	–
f)	Amount paid as advances, if any	Nil

On behalf of the Board

D. Ashok
Chairman
(DIN: 02009735)

S. V. Limaye
Wholetime Director
(DIN: 01757813)

Dated : 28th April, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of WIMCO Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of WIMCO Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises information included in the Board's report but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 SAs 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 SAs, we exercise professional judgment and maintain professional skepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its director during the year is in accordance with the provisions of section 197 of the Act.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
      iv. a. The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
      b. The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
      c Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN : 23209252BGXMJJ1138

Place: Chennai
Date : April 28, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of WIMCO Limited ("the company") as of March 31, 2023 in conjunction with our audit of financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of fraud and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on criteria for internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN : 23209252BGXMJJ1138

Place: Chennai
Date : April 28, 2023

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) Based on our examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties, disclosed in the financial statements included in property, plant and equipment, are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.

(iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

(iv) According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of Section 185 or 186 of the Companies Act, 2013, and hence reporting under clause (iv) of the Order is not applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes:

(viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause 3(ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.

(c) The Company is not required by statute to implement vigil mechanism under Companies Act, hence reporting under clause (xi)(c) of the Order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per the provisions of the Companies Act 2013.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding company or persons connected with such directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)(a,b,c) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order are not applicable.

(d) As represented to us by the Management, the Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred any cash losses in the financial year covered by our audit but had incurred cash losses amounting to Rs. 34.70 lakhs in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

(xxi) The Company does not prepare consolidated financial statement and hence clause (xxi) is not applicable.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN : 23209252BGXMJJ1138

Place: Chennai
Date : April 28, 2023

BALANCE SHEET AS AT 31ST MARCH, 2023

	Note		As at 31st March, 2023 (₹ in Lakhs)		As at 31st March, 2022 (₹ in Lakhs)
ASSETS					
Non-current assets					
a) Property, Plant and Equipment	1A		59.69		60.73
b) Intangible assets	1B		–		0.90
c) Deferred Tax Assets (net)	2		–		–
d) Other non-current assets	3		32.22		7.05
Total Non-current assets			91.91		68.68
Current assets					
a) Inventories	4		200.36		169.22
b) Financial Assets					
i) Investments	5	100.21		200.07	
ii) Trade receivables	6	122.61		89.18	
iii) Cash and cash equivalents	7	195.27		34.83	
iv) Other Bank Balance	8	31.58	449.67	30.93	355.01
c) Other current assets	3		3.03		30.84
Total Current assets			653.06		555.07
Total Assets			744.97		623.75
EQUITY AND LIABILITIES					
Equity					
a) Equity Share capital	9	1,850.81		1,850.81	
b) Other Equity		(2,163.02)	(312.21)	(2,183.70)	(332.89)
Liabilities					
Non-current liabilities					
a) Financial Liabilities					
(i) Borrowings	10		500.00		500.00
(ii) Other Financial Liabilities	11		1.36		1.21
b) Provisions	12		2.32		6.57
Total Non-current liabilities			503.68		507.78
Current liabilities					
a) Financial Liabilities					
(i) Borrowings	10	–		–	
(ii) Trade payables					
Total outstanding dues of Micro Enterprises and Small Enterprises					
Total outstanding other than dues of Micro Enterprises and Small Enterprises (Refer Note 24(vii))		244.76		152.74	
(iii) Other financial liabilities	11	179.12	423.88	138.04	290.78
b) Other current liabilities	13		129.43		156.98
c) Provisions	12		0.19		1.10
Total Current liabilities			553.50		448.86
Total Equity and Liabilities			744.97		623.75

The accompanying notes 1 to 26 are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

For and on behalf of the Board

ANANTHI AMARNATH
Partner
Membership No. 209252

D. ASHOK
Chairman
DIN : 02009735
Place : Kolkata
Date : 28th April, 2023

SAMIR V LIMAYE
Wholetime Director
DIN : 01757813
Place : Ambernath
Date : 28th April, 2023

S K SIPANI
Company Secretary
Place : Chennai
Date : 28th April, 2023

SHARAD MUNDRA
Chief Financial Officer
Place : Chennai
Date : 28th April, 2023

Place : Chennai
Date : 28th April, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

		Note	For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
I	Revenue From Operations	14	**1,146.39**	1,161.92
II	Other Income	15	**10.03**	19.02
III	**Total Income (I+II)**		**1,156.42**	1,180.94
IV	**EXPENSES**			
	Cost of materials consumed		**595.10**	663.55
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress		**(25.65)**	10.71
	Employee benefits expense	16	**265.78**	257.34
	Finance costs	17	**45.00**	45.00
	Depreciation and amortization expense	1A & 1B	**2.91**	4.70
	Other expenses	18	**256.79**	242.12
	Total expenses (IV)		**1,139.93**	1,223.42
V	**Profit before tax (III- IV)**		**16.49**	(42.48)
VI	Tax expense	19	**–**	–
VII	**Profit for the year (V-VI)**		**16.49**	(42.48)
VIII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss:			
	– Remeasurements of defined benefit plans		**4.19**	(1.87)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
IX	**Other Comprehensive Income**		**4.19**	(1.87)
X	**Total Comprehensive Income for the year (VII+IX)**		**20.68**	(44.35)
XI	Earnings per equity share (Face Value ₹ 1.00 each)	20		
	Basic (in ₹)		**0.01**	(0.02)
	Diluted (in ₹)		**0.01**	(0.02)

The accompanying notes 1 to 26 are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

ANANTHI AMARNATH
Partner
Membership No. 209252

Place : Chennai
Date : 28th April, 2023

For and on behalf of the Board

D. ASHOK
Chairman
DIN : 02009735
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Date : 28th April, 2023

SHARAD MUNDRA
Chief Financial Officer
Place : Chennai
Date : 28th April, 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

		For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
A.	**Cash flow from operating activities**		
	Profit / (Loss) before Tax	16.49	(42.48)
	Adjustments for:		
	Depreciation and amortisation Expense	2.91	4.70
	Loss on sale of property, plant and equipment - Net	–	2.31
	Finance Cost	45.00	45.00
	Interest Income	(1.34)	(2.04)
	Doubtful and Bad debts	0.66	3.08
	Doubtful and Bad advances	4.61	–
	Remeasurement of Defined Benefit Plans	–	(1.87)
	Share Based Payments	–	–
	Net (gain)/loss arising on investments mandatorily measured at fair value through profit or loss	(7.56)	(11.10)
	Operating Profit/(loss) before working capital changes	60.77	(2.40)
	Adjustments for:		
	Trade receivables	(34.09)	(17.87)
	Other Current and Non Current Assets	(1.98)	5.51
	Inventories	(31.14)	(19.38)
	Trade Payables, Other Financial Liabilities & Provisions	59.73	(148.60)
	Cash (used in) / generated from operations before taxation	53.29	(182.74)
	Income tax paid (net of refunds)	–	–
	Net cash (used in) / generated from operations	53.29	(182.74)
B.	**Cash flow from investing activities**		
	Interest received	0.69	2.04
	Purchase of Property Plant and Equipment	(0.97)	–
	Redemption/(Investment) in Mutual Fund	107.43	111.61
	Maturity /(Investment) in bank deposit (original maturity more than 3 months)	–	(0.56)
	Net cash (used in) / generated from investing activities	107.15	113.09
C.	**Cash flow from financing activities**		
	Interest Paid	–	–
	Reduction of Share Capital (Refer Note 24(vi))	–	(33.78)
	Net cash (used in) / generated from financing activities	–	(33.78)
D.	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**	160.44	(103.43)
E.	**Reconciliation**		
	Cash and cash equivalents at the beginning of the period	34.83	138.26
	Cash and cash equivalents at the end of the period	195.27	34.83
		160.44	(103.43)
	Cash and cash equivalents		
	Cash and cash equivalents as above	195.27	34.83
	Cash Credit Facility (Note 10)	–	–
	Cash and Cash Equivalent (Note 7)	195.27	34.83

Note : The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 - "Statement of Cash Flow"

The accompanying notes 1 to 26 are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

For and on behalf of the Board

ANANTHI AMARNATH
Partner
Membership No. 209252

D. ASHOK
Chairman
DIN : 02009735
Place : Kolkata
Date : 28th April, 2023

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Place : Chennai
Date : 28th April, 2023

SHARAD MUNDRA
Chief Financial Officer
Place : Chennai
Date : 28th April, 2023

Place : Chennai
Date : 28th April, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

A. Equity Share Capital (₹ in Lakhs)

Balance as on 1st April, 2022	Changes in equity share capital during the current year	Balance as on 31st March, 2023
1,850.81	–	1,850.81

Balance as on 1st April, 2021	Changes in equity share capital during the current year#	Balance as on 31st March, 2022
1,884.60	(33.79)	1,850.81

#Refer note 24(vi) for reduction of Equity Share Capital

B. Other Equity (₹ in Lakhs)

	Reserves and Surplus			Total
	Subsidy Reserve *	Capital Contribution for Share Based Payments	Retained Earnings	
Balance as at 1st April, 2022	**14.93**	**66.52**	**(2,265.15)**	**(2,183.70)**
Profit for the period	–	–	16.49	16.49
Other Comprehensive Income (net of Tax)	–	–	4.19	4.19
Total Comprehensive Income	**–**	**–**	**20.68**	**20.68**
Recognition of share based payment	–	–	–	–
Transfer from Capital Contribution for Share Based Payments on lapse	–	–	–	–
Balance as at 31st March, 2023	**14.93**	**66.52**	**(2,244.47)**	**(2,163.02)**

	Reserves and Surplus			Total
	Subsidy Reserve *	Capital Contribution for Share Based Payments	Retained Earnings	
Balance as at 1st April, 2021	**14.93**	**76.51**	**(2,230.79)**	**(2,139.35)**
Profit for the period	–	–	(42.48)	(42.48)
Other Comprehensive Income (net of Tax)	–	–	(1.87)	(1.87)
Total Comprehensive Income	**20.00**	**–**	**(44.35)**	**(44.35)**
Recognition of share based payment	–	–	–	–
Transfer from Capital Contribution for Share Based Payments on lapse	–	(9.99)	9.99	–
Balance as at 31st March, 2022	**34.93**	**66.52**	**(2,265.15)**	**(2,183.70)**

* Represents receipt of subsidy from government

The accompanying notes 1 to 26 are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

ANANTHI AMARNATH
Partner
Membership No. 209252

Place : Chennai
Date : 28th April, 2023

For and on behalf of the Board

D. ASHOK
Chairman
DIN : 02009735
Place : Kolkata
Date : 28th April, 2023

SAMIR V LIMAYE
Wholetime Director
DIN : 01757813
Place : Ambernath
Date : 28th April, 2023

S K SIPANI
Company Secretary
Place : Chennai
Date : 28th April, 2023

SHARAD MUNDRA
Chief Financial Officer
Place : Chennai
Date : 28th April, 2023

Notes to the statement of financial statement for the year ended 31st March, 2023

(₹ in Lakhs)

Particulars	Gross Block							Depreciation and Amortisation							Net Book Value	
	As at 31st March, 2021	Addi-tion	On with-drawals and adjust-ments	As at 31st March, 2022	Addi-tion	On with-drawals and adjust-ments	**As at 31st March, 2023**	Upto 31st March, 2021	For the period	On with-drawals and adjust-ments	Upto 31st March, 2022	For the period	On withdraw-als and adjust-ments	**Upto 31st March, 2023**	**As at 31st March, 2023**	As at 31st March, 2022
1A. Property, plant and equipment - owned																
Land Freehold	47.92	–	–	47.92	–	–	47.92	–	–	–	–	–	–	–	**47.92**	47.92
Buildings	10.63	–	–	10.63	–	–	10.63	2.37	0.25	0	2.62	0.34	–	**2.96**	**7.62**	8.01
Plant and Equipment	6.19	–	1.47	4.72	–	–	4.72	2.94	0.23	0.95	2.22	0.56	–	**2.78**	**1.94**	2.50
Computers	20.60	–	0.82	19.78	0.97	–	20.75	3.65	–	0.08	18.94	0.28	–	**19.22**	**0.53**	0.84
Office Equipment	5.65	–	0.65	5.00	–	–	5.00	19.02	0.59	–	4.24	0.65	–	**4.89**	**0.11**	0.76
Furniture and Fixtures	3.38	–	0.45	2.93	–	–	2.93	2.62	0.02	0.05	2.59	0.18	–	**2.77**	**0.16**	0.34
Vehicles	4.51	–	0.00	4.51	–	–	4.51	4.15	–	–	4.15	–	–	4.15	**0.36**	0.36
Total	**98.88**	–	3.39	**95.49**	0.97	–	**96.46**	**34.75**	**1.09**	**1.08**	**34.76**	**2.01**	–	**36.77**	**59.69**	**60.73**
1B. Intangible Assets																
Computer Software	18.12	–	–	18.12	–	–	**18.12**	13.61	3.61	–	17.22	0.90	–	**18.12**	–	0.90
Total	**18.12**	–	–	**18.12**	–	–	**18.12**	13.61	**3.61**	–	17.22	**0.90**	–	**18.12**	–	0.90
Grand Total	**117.00**	–	3.39	**113.61**	0.97	–	**114.58**	**48.36**	**4.70**	**1.08**	**51.98**	**2.91**	–	**54.89**	**59.69**	**61.63**

	As at 31st March, 2023 (₹ in Lakhs)	As at 31st March, 2022 (₹ in Lakhs)
2. Deferred tax Assets (Net)		
Deferred tax liabilities		
On difference between book balance and tax balance of Property Plant and Equipment	–	–
On other timing differences	**0.05**	0.02
Sub-Total	**0.05**	0.02
Deferred tax assets		
On difference between book balance and tax balance of Property Plant and Equipment	**2.28**	2.58
Unabsorbed depreciation carried forward	**30.25**	30.07
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	**0.63**	2.70
Provision for doubtful debts, advances and diminution in value of Investments.	**7.22**	7.06
Brought forward business losses	**114.30**	131.69
Sub-Total	**154.69**	174.10
Total	–	–

Deferred tax asset has been recognized only to the extent of the deferred tax liabilities as this amount is considered to be reasonably certain of realization.

The Company has tax losses of ₹ 447.63 Lakhs (2022 - ₹ 523.26 lakhs) for which no deferred tax assets have been recognised. These losses will expire between financial year 2023-24 to 2028-29.

	As at 31st March, 2023 (₹ in Lakhs)		As at 31st March, 2022 (₹ in Lakhs)	
	Current	**Non-Current**	Current	Non-Current
3. Other Assets				
Advances other than capital advances				
(i) Advance Tax (net of provisions)	–	**32.22**	–	7.05
(ii) Other Advances (including advances with statutory authorities, prepaid expenses, suppliers, employees etc.)	**3.03**	–	30.84	–
TOTAL	**3.03**	**32.22**	30.84	7.05

	As at 31st March, 2023 (₹ in Lakhs)	As at 31st March, 2022 (₹ in Lakhs)
4. Inventories		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	**90.67**	85.18
Work-in-progress	**109.69**	84.04
TOTAL	**200.36**	169.22

As at

Notes to the statement of financial statement for the year ended 31st March, 2023 (Contd.)

	Fair Value ₹ (Fully paid unless stated otherwise)	Number	As at 31st March, 2023 (₹ in Lakhs)	Number	As at 31st March, 2022 (₹ in Lakhs)
5. Investments - Current					
(at fair value through profit or loss, unless stated otherwise)					
INVESTMENT IN MUTUAL FUNDS					
Nippon India Liquid Fund 1819.64 (2022 - Nil) units of ₹ 1000 each	1000	1819.64	**100.21**	Nil	–
Axis Liquid Fund Nil (2022 - 8463) Units of ₹1000 each	1000	Nil	–	8463	200.07
TOTAL			**100.21**		200.07

	As at 31st March, 2023 (₹ in Lakhs)	As at 31st March, 2022 (₹ in Lakhs)
6. Trade Receivables (Current)		
Secured, considered good	–	–
Unsecured, considered good	**122.61**	89.18
Which have significant increase in credit risk	–	–
Credit Impaired	**28.69**	28.03
Less: Allowance for credit impairment	**28.69**	28.03
TOTAL	**122.61**	89.18

The ageing of Trade Receivables is as under:

As at 31st March, 2023		Outstanding for following periods from due date of payment					Total
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables							
- considered good	109.32	13.29	–	–	–	–	122.61
- which have significant increase in credit risk	–	–	–	–	–	–	–
- credit impaired	–	–	0.08	3.64	9.88	15.09	28.69
Disputed Trade Receivables							
- considered good	–	–	–	–	–	–	–
- which have significant increase in credit risk	–	–	–	–	–	–	–
- credit impaired	–	–	–	–	–	–	–
Sub-Total	**109.32**	**13.29**	**0.08**	**3.64**	**9.88**	**15.09**	**151.30**
Less : Allowances of Credit Impairment	–	–	–	–	–	–	**28.69**
Total							**122.61**

As at 31st March, 2022		Outstanding for following periods from due date of payment					Total
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables							
- considered good	83.34	3.02	2.82	–	–	–	89.18
- which have significant increase in credit risk	–	–	–	–	–	–	–
- credit impaired	–	–	–	9.58	0.25	18.20	28.03
Disputed Trade Receivables							
- considered good	–	–	–	–	–	–	–
- which have significant increase in credit risk	–	–	–	–	–	–	–
- credit impaired	–	–	–	–	–	–	–
Sub-Total	**83.34**	**3.02**	**2.82**	**9.58**	**0.25**	**18.20**	**117.21**
Less : Allowances of Credit Impairment	–	–	–	–	–	–	**28.03**
Total							**89.18**

	As at 31st March, 2023 (₹ in Lakhs)	As at 31st March, 2022 (₹ in Lakhs)
7. Cash and cash equivalents@		
Balances with Banks		
Current Accounts	**45.27**	19.83
In deposit Accounts	**150.00**	15.00
Cash on hand	–	–
TOTAL	**195.27**	34.83

@ Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

	As at 31st March, 2023 (₹ in Lakhs)	As at 31st March, 2022 (₹ in Lakhs)
8. Other Bank Balances		
In deposit Accounts*	**18.74**	18.09
Earmarked balance #	**12.84**	12.84
TOTAL	**31.58**	30.93

* Represents deposits with original maturity of more than 3 month having remaining maturity of less than 12 months from the Balance Sheet date.
# Represents unclaimed amount payable to erstwhile shareholders pursuant to reduction of Equity Share Capital of the Company [refer Note 24(vi)].

Notes to the statement of financial statement for the year ended 31st March, 2023 (Contd.)

9. Equity Share capital

	As at 31st Mar 2023 (No. of Shares)	As at 31st Mar 2023 (₹ in Lakhs)	As at 31st Mar 2022 (No. of Shares)	As at 31st Mar 2022 (₹ in Lakhs)
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the period	18,50,81,193	1,850.81	18,84,60,000	1,884.60
Add: Issue of Shares	–	–	–	–
Less: Reduction of Equity Share Capital*	–	–	(33,78,807)	(33.79)
As at end of the period	18,50,81,193	1,850.81	18,50,81,193	1,850.81

*Refer note 24(vi) for reduction of Equity Share Capital

	As at 31st Mar 2023 (No. of Shares)	As at 31st Mar 2023 (%)	As at 31st Mar 2022 (No. of Shares)	As at 31st Mar 2022 (%)
B) Shares held by Holding Company				
Equity Shares 18,50,81,193 (2022: 18,50,81,193) Equity shares of ₹ 1 each, fully paid up are held by ITC Limited (Holding Company)	18,50,81,193	100.00	18,50,81,193	100.00

	As at 31st Mar 2023 (No. of Shares)	As at 31st Mar 2023 (%)	As at 31st Mar 2022 (No. of Shares)	As at 31st Mar 2022 (%)
C) Name of share holders holding more than 5% of the shares of the Company				
Equity Shares ITC Limited (Holding Company)	18,50,81,193	100.00	18,50,81,193	100.00

D) Rights, preferences and restrictions attached to the Shares

The Ordinary Shares of the Company, having par value of ₹ 1/- per share, rank pari passu in all respects including entitlement to dividend. Repayment of capital in the event of winding up of the Company will inter alia be subject to the provisions of the Articles of Association of the Company and as may be determined by the Company in General Meeting prior to such winding up.

	As at 31st Mar 2023 (No. of Shares)	As at 31st Mar 2023 (%)	As at 31st Mar 2022 (No. of Shares)	As at 31st Mar 2022 (%)
E) Shares held by Promoters				
Equity Shares ITC Limited (Holding Company)	18,50,81,193	100.00	18,50,81,193	100.00
% Change during the year	–		1.79	

	As at 31st March, 2023 (₹ in Lakhs) Current	Non-Current	As at 31st March, 2022 (₹ in Lakhs) Current	Non-Current
10. Borrowings				
Secured				
Loan from Bank				
Cash credit facility*	–	–	–	–
Unsecured				
9% Redeemable Preference share capital of ₹ 100 each#	–	500.00	–	500.00
TOTAL	–	500.00	–	500.00

* Secured by hypothecation of all stock in trade present and future of the Company including raw materials, finished goods, stock-in-process and present and future book debts, outstanding receivables. With respect to borrowings from banks, the quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

\# Redeemable non-convertible preference shares have been issued during the FY 2019-20 with a tenure of 5 years and are cumulative in nature. These redeemable preference shares have been considered as borrowing in view of the presentation requirement under Ind AS 32 on Financial Instruments - Presentation.

	As at 31st March, 2023 (₹ in Lakhs) Current	Non-Current	As at 31st March, 2022 (₹ in Lakhs) Current	Non-Current
11. Other Financial liabilities				
Employee Benefits Payable	11.14	–	10.82	–
Payable to the Holding Company	4.77	1.36	9.01	1.21
Provision for Preference Share dividend	150.37	–	105.37	–
Others#	12.84	–	12.84	–
TOTAL	179.12	1.36	138.04	1.21

\# Represents unclaimed amount payable to erstwhile shareholders pursuant to reduction of Equity Share Capital of the Company [refer Note 24(vi)].

Notes to the statement of financial statement for the year ended 31st March, 2023 (Contd.)

	As at 31st March, 2023 (₹ in Lakhs) Current	Non-Current	As at 31st March, 2022 (₹ in Lakhs) Current	Non-Current
12. Provisions				
Provision for employee benefits (Refer Note 24(iii))				
Retirement benefits	**0.19**	**2.32**	1.10	6.57
TOTAL	**0.19**	**2.32**	1.10	6.57

	As at 31st March, 2023 (₹ in Lakhs)	As at 31st March, 2022 (₹ in Lakhs)
13. Other Current Liabilities		
Statutory Liabilities	**30.17**	3.93
Advances received from customers	**87.39**	143.19
Others	**11.87**	9.86
TOTAL	**129.43**	156.98

	For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
14. Revenue from operations		
Sale of Products	**730.72**	1,156.02
Sale of Services	**415.29**	4.98
Gross Revenue from sale of products and services	**1,146.01**	1,161.00
Other Operating Revenues	**0.38**	0.92
TOTAL	**1,146.39**	1,161.92

	For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
15. Other income		
Interest Income	**1.34**	5.51
Net Foreign Exchange Gain / (Loss)	**1.13**	2.41
Other gains and losses	**7.56**	11.10
TOTAL	**10.03**	19.02

	For the period ended 31st March, 2023 (₹ in Lakhs)	For the period ended 31st March, 2022 (₹ in Lakhs)
Other gains and losses:		
Net gain arising on financial assets (Current investments) mandatorily measured at FVTPL*	**7.56**	11.10
TOTAL	**7.56**	11.10

* Includes ₹ 11.03 (2021 - ₹ 1.91) being net gain on sale of investments.

	For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
16. Employee benefits expense		
Salaries and wages	**236.22**	236.92
Contribution to Provident and other funds	**7.79**	7.67
Share based payment	**7.77**	0.70
Staff welfare expenses	**14.00**	12.05
TOTAL	**265.78**	257.34

	For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
17. Finance costs		
Interest expense	–	–
Preference Dividend	**45.00**	45.00
TOTAL	**45.00**	45.00

Notes to the statement of financial statement for the year ended 31st March, 2023 (Contd.)

	For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
18. Other Expenses		
Consumption of stores and spare parts	**0.40**	0.18
Sub-Contracting Expenses	**75.78**	65.41
Power and fuel	**10.20**	11.01
Repairs and Maintenance		
- Buildings	**2.31**	0.09
- Machinery	**0.02**	0.04
- Others	**2.70**	5.93
Rates and taxes	**9.45**	1.90
Insurance	**1.68**	1.87
Maintenance and upkeep	**15.16**	14.40
Travelling and conveyance	**47.26**	40.17
Printing and stationery	**1.14**	2.12
Freight and forwarding	**19.03**	20.34
Advertising and sales promotion charges	**15.72**	0.70
Commission to Selling Agents	**–**	8.96
Bank charges	**1.87**	3.42
Information technology services	**–**	–
Training and development	**0.93**	0.75
Professional fees	**24.23**	28.29
Postage and telephone charges	**2.87**	8.28
Directors' sitting fees	**1.20**	5.00
Doubtful and Bad debts	**0.66**	3.08
Doubtful and bad Advances	**4.61**	
Loss on sale of property, plant and equipment - Net	**–**	2.31
Miscellaneous expenses	**19.56**	17.87
TOTAL	**256.79**	242.12
Miscellaneous expenses include :		
1) Auditors' remuneration and expenses		
Audit fees	**1.75**	1.75
Tax audit fees	**1.00**	1.00
Others	**–**	–

	For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
19. Tax Expenses		
Current Tax	**–**	–
TOTAL	**–**	–

	For the year ended 31st March, 2023 (₹ in Lakhs)	For the year ended 31st March, 2022 (₹ in Lakhs)
20. Earnings per share		
Profit/ (Loss) after tax, attributable to equity shareholders (A)	**16.49**	(42.48)
Weighted average number of Equity Shares (B)	**18,50,81,193**	18,61,82,777
Earnings per share - Basic & Diluted (in ₹) (A / B)	**0.01**	(0.02)
Nominal value of an equity share (in ₹)	**1.00**	1.00

21 Segment Reporting

A. Information about primary business segments :

The company's operations comprise of only one segment i.e. Fabrication/Assembly of Machines and allied services and is consistent with the internal reporting provided to the Executive Committee, which is the Chief Operating Decision Maker. Hence, separate segmental information is not required to be given as per the requirements of Indian Accounting Standard 108.

B. Information about secondary business segments

	2023	(₹ in Lakhs) 2022
1. Segment Revenue		
- Within India	**1,087.93**	821.99
- Outside India	**58.08**	339.01
Total	**1,146.01**	1,161.00
2. Non Current Assets		
- Within India	**91.91**	68.68
- Outside India	**–**	–
TOTAL	**91.91**	68.68

Note : Revenue of ₹ 704 lakhs (2022 - ₹ 187 Lakhs) arose from two (2022 - one) external customers which is more than 10% of the Company's total revenue during the reported period.

Notes to the statement of financial statement for the year ended 31st March, 2023 (Contd.)

22. Related Party Disclosures

1. PARTIES EXERCISING CONTROL OVER THE COMPANY

i) **Holding Company:**

a) ITC Limited

2. RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS

a) ITC Limited

ii) **Key Management Personnel:**

R. Tandon	Chairman & Non-Executive Director (upto 21-07-2022)
D. Ashok	Chairman & Non-Executive Director (w.e.f 22-07-2022)
D. Dutta	Non-Executive Director
C.R. Dua	Non-Executive Director
S. Banerjee	Independent Director (upto 03-02-2022)
P. Chatterjee	Independent Director (upto 01-12-2021)
N. Bajaj	Non-Executive Director
R. Senguttuvan *	Managing Director (upto 07-05-2021)
S. V. Limaye	Wholetime Director (w.e.f. 07-06-2021)
S.K. Sipani *	Company Secretary
S. Mundra	Chief Financial Officer

* No remuneration is paid by the Company to the Managing Director and Company Secretary in accordance with the terms of their appointment.

DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2023

(₹ in Lakhs)

	RELATED PARTY TRANSACTIONS SUMMARY	Holding Company ITC Limited		Key Management Personnel		Total	
		2023	2022	**2023**	2022	**2023**	2022
1	Sale of Goods/ Services	**479.21**	61.49	–	–	**479.21**	61.49
2	Expenses Recovered	**182.96**	213.47	–	–	**182.96**	213.47
3	Expenses Reimbursed	–	0.09	–	0.11	–	0.20
4	Preference dividend	**45.00**	45.00	–	–	**45.00**	45.00
5	Share Based Payments*						
	Equity Settled Share Based Payments - Capital Contribution (net of vested lapse)	–	(9.99)	–	–	–	(9.99)
	Cash Settled Share Based Payments - Other Payables	**7.77**	0.70	–	–	**7.77**	0.70
6	Remuneration of Key Management Personnel on Deputation reimbursed *						
	Other Remuneration#	**129.64**	112.79	–	–	**129.64**	112.79
7	Director's Sitting Fees	–	–	**1.20**	**5.00**	**1.20**	5.00
8	Outstanding receivable	–	**17.48**	–	–	–	17.48
9	Outstanding payables	6.13	10.22	–	–	6.13	10.22
10	Redeemable Preference Share Outstanding	**500.00**	500.00	–	–	**500.00**	500.00
11	Interest accrued but not due - Preference Share	**150.37**	105.37	–	–	**150.37**	105.37

* Post employment benefits are actuarially determined on overall basis and hence not separately provided. Further, for share based payments, Refer Note 16

\# Out of the above, ₹ 87.58 Lakhs (2022 - ₹ 76.54 Lakhs) i is attributable to the Chief Financial Officer of the Company and ₹ 42.06 Lakhs (2022 - ₹ 28.98) is attributable to the Wholetime Director of the Company (appointed w.e.f. 07-06-2021)

23. Financial Instruments and Related Disclosures

1. Capital Management

The Company funds its operations through mix of equity and borrowings. The primary objective of the company's capital management strategy is to provide adequate capital for sustaining operational activities, meeting its growth plans and maximizing shareholder value.

The capital structure of the Company consists of equity Rs. 1850.81Lakhs and preference shares issued to the holding company of ₹ 500 Lakhs. The Company is not subject to any externally imposed capital requirement.

During the financial year 21-22, the Company has completed the reduction of Issued, Subscribed and Paid up Equity Share Capital [Refer note 24(vi)].

2. Categories of Financial Instruments

(₹ in Lakhs)

		Particulars	Note	As at 31st March, 2023		As at 31st March, 2022	
				Carrying Value	**Fair Value**	Carrying Value	Fair Value
A. Financial assets							
a)		**Measured at amortised cost**					
	i)	Cash and Cash Equivalents	7	**195.27**	**195.27**	34.83	34.83
	ii)	Other Bank Balances	8	**31.58**	**31.58**	30.93	30.93
	iii)	Trade Receivables	6	**122.61**	**122.61**	89.18	89.18
b)		**Measured at Fair Value Through Profit or loss**					
	i)	Investment in Mutual Funds	5	**100.21**	**100.21**	200.07	200.07
		Total financial assets		**449.67**	**449.67**	355.01	355.01
B. Financial liabilities							
c)		**Measured at amortised cost**					
	i)	Non – Current Borrowings	10	**500.00**	**500.00**	500.00	500.00
	ii)	Trade Payables		**244.76**	**244.76**	152.74	152.74
	iii)	Other financial liabilities	11	**180.48**	**180.22**	139.25	138.98
		Total financial liabilities		**925.24**	**924.98**	791.99	791.72

Notes to the statement of financial statement for the year ended 31st March, 2023 (Contd.)

3. Financial risk management objectives

The Company's exposure to financial risks such as market risk, foreign currency risk, liquidity risk and credit risk is limited. The Company has designed its Risk Management System in line with the nature and scale of its operations to address risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

a) Market risk

The Company is not an active investor in Equity market. The Company's investments are predominantly held in fixed deposit and debt mutual funds.

Fixed deposit is held with highly rated bank and have a short tenure and are not subjected to interest rate volatility. The Company also invest in mutual fund schemes of leading fund houses However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested such price risk are not significant.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As majority of the financial assets and liabilities of the Company are either short term or fixed interest-bearing instruments, the Company's net exposure to interest risk is negligible.

b) Foreign currency risk

The Company undertakes transactions denominated in foreign currency which results in exchange rate fluctuations. Such exchange rate risk primarily arises from transactions made in foreign exchange and reinstatement risks arising from recognised assets & liabilities. Such transactions are primarily undertaken in US Dollar and Euro. Considering the insignificant value, foreign currency risks is assessed to be immaterial. As the transactions undertaken by the company are in smaller denominations taking forward cover for each transaction is not economically feasible.

The carrying amount of foreign currency denominated financial asset is as follows : (₹ in Lakhs)

Financial Asset	As at 31st March 2023	As at 31st March 2022
USD	9.87	9.10
EURO	–	7.19
Total	9.87	16.28

As there are no large exposures, sensitivity analysis has not been provided.

c) Liquidity risk

The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. The company maintains adequate committed credit lines with the banks.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date. (₹ in Lakhs)

Particulars	As at 31st March, 2023						
	Contractual Cashflows*						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 year	Total
Trade Payables	244.76	59.62	185.14	–	–	–	244.76
Other Financial Liabilities	180.48	158.98	–	20.15	1.36	–	180.48
	425.24	218.60	185.14	20.15	1.36	–	425.24

Particulars	As at 31st March, 2022						
	Contractual Cashflows*						
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 year	Total
Trade Payables	152.74	59.84	92.90	–	–	–	152.74
Other Financial Liabilities	139.25	122.09	–	15.95	1.21	–	139.25
	291.99	181.93	92.90	15.95	1.21	–	291.99

* The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The Cash credit facility is not included in the above as the same is revolving in nature. Preference share has also not been included being part of the capital structure management of the Company.

d) Credit risk

Credit risk is the risk that counterparty will not meet its obligations.

Trade receivables are initially recognized at fair value plus any directly attributable transaction costs. The net carrying value of trade receivables is not significantly different from their carrying values due to the short - term duration of trade receivables.

Generally, terms of trade are 75% to 90% advance and balance 10% to 25% is paid by customers post installation of machine. Wherever required credit terms for customers are determined based on the terms of the trade, market scenario, general economic scenario and industry practice, which can be for a specific credit requirement. Concentrations of credit risk with respect to trade receivables are limited to period end sales against post-dated cheques, where extended. Credit limits extension are monitored by the Executive Committee and necessary steps are taken for monitoring, as required.

Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low and so trade receivables are considered to be a single class of financial assets.

All Customer balances which are overdue for more than 180 days are evaluated for provision and considered for impairment on an individual basis. The Company has used practical expedient in computing allowance for doubtful receivables based on the ageing of the customer's balances, specific credit circumstances and Company's historical bad receivable experience and forward looking information. Write offs are made with the approval of the Board of Directors.

The Company has assessed the possibility of enhanced credit risk on account of COVID – 19 pandemic and has concluded that the provision carried are adequate since the exposure of the Company is largely limited to customers in fast moving consumer goods, pharma etc.

The movement of expected loss provision (allowance for bad and doubtful receivable) made by the company are as under: (₹ in Lakhs)

Particulars	Expected Loss Provision	
	As at 31st March, 2023	As at 31st March, 2022
Opening Balance	28.03	24.95
Add: Provision made	0.66	3.08
Less: Utilisation for impairment/de-recognition	–	–
Closing Balance	28.69	28.03

Notes to the statement of financial statement for the year ended 31st March, 2023 (Contd.)

4. **Fair value measurement**

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables and payables and other current financial liabilities is considered to be equal to the carrying amounts of these items due to their short – term nature.

There has been no change in the fair valuation methodology as compared to previous year.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis. (₹ in Lakhs)

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2023	As at 31st March, 2022
A. Financial assets			
Measured at Fair Value Through Profit or loss			
Investment in Mutual Funds	1	**100.21**	200.07
Total financial assets		**100.21**	200.07
B. Financial liabilities			
Measured at amortised cost			
Borrowings	2	**500.00**	500.00
Other Financial liabilities*	3	**1.10**	0.94
Total financial liabilities		**501.10**	500.94

* Represents Fair value of Non-Current Financial Instruments

24. Additional Notes to the Financial Statements

(i) Micro, Small and Medium scale business entities:

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and as at March 31, 2023 and March 31, 2022. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

(ii) The eligible employee(s) of the Company, including employee(s) deputed from ITC Limited, the Holding Company (ITC), have been granted:

- stock options by ITC under the ITC Employee Stock Option Schemes (ITC ESOS) in earlier years and
- stock appreciation units (SARs) under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR) in earlier years in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS: Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of Rs. 1.00 each of ITC upon payment of the exercise price during the exercise period. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting.

ITC ESAR: Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The SARs vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole

The summary of movement of such options granted by ITC and status of the outstanding options is as under:

Particulars	As at 31st March, 2023	As at 31st March, 2022
	No. of Options	No. of Options
Outstanding at the beginning of the year	**9488**	11,963
Add: Corporate Action: Bonus Issue by ITC	–	–
Add: Granted during the year	–	–
Less: Lapsed during the year	–	2,475
Add / (Less): Movement due to transfer of employees within group	–	–
Less: Exercised during the year	**6764**	–
Outstanding at the end of the year	**2724**	9,488
Options exercisable at the end of the year	**2724**	9,488

Note :

The weighted average exercise price of the options granted to all Optionees under the ITC ESOS is computed by ITC as a whole.

In accordance with Ind AS 102, an amount of ₹ NIL lakhs (2022: ₹NIL lakhs) towards ITC ESOS and ₹ 7.77 lakhs (2022 : ₹ 0.70 lakhs) towards ITC ESAR has been recognized as employee benefits expense (Refer Note 16). Such charge has been recognised as employee benefits expense and has been considered as capital contribution by ITC Limited, net of reimbursements, if any. Liability recognised for payments towards ITC ESAR is presented under note 11 of the financial statements. Out of the above, ₹ 7.77 Lakhs (2022 - ₹ 0.70 Lacs) is attributable to the Chief Financial Officer of the Company.

(iii) Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2023 and recognized in the financial statements in respect of Employee Benefit Schemes:

Description of Plans :

In respect of Gratuity, the Company makes contributions to defined benefit scheme for qualifying employees, in a group-cum-life assurance cash accumulation policy offered by LIC. The liabilities arising in the defined benefit scheme are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method. Additional funding requirements are based on actuarial measurement.

Notes to the statement of financial statement for the year ended 31st March, 2023 (Contd.)

The employees of the Company are also entitled to compensated leave for which the Company records the liability based on actuarial valuation computed under projected unit credit method. These benefits are unfunded.

Risk Management :

The defined benefit plans expose the Company to actuarial deficit arising out of investment risk, interest rate risk, salary cost inflation risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. However, this may be partially offset by an increase in capital value of the Scheme assets that have similar characteristics. Increase in salary due to adverse inflationary pressures might lead to higher liabilities. To manage the risk, gratuity scheme has been funded by a policy offered by Life Insurance Corporation of India.

We understand that LICs overall portfolio of assets is well diversified and as such the long term return on the policy is expected to be higher than the rate of return on Central Government Bonds

(₹ in Lakhs)

			For the year ended 31st March, 2023		For the year ended 31st March, 2022	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	–	**Recognised in Profit or Loss**				
	1	Current Service Cost	0.67	0.23	1.97	0.72
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	(2.99)	0.47	(1.91)	0.43
	4	**Total expense recognised in the Statement of Profit and Loss**	**(2.32)**	**0.70**	**0.06**	**1.15**
	–	**Re-measurements recognised in Other Comprehensive Income**				
	5	(Return) on plan assets (excluding amounts included in Net interest cost)	9.19	–	(14.30)	–
	6	Effect of changes in demographic assumptions	–	–	–	–
	7	Effect of changes in financial assumptions	(0.58)	(0.16)	(1.08)	(0.24)
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–
	9	Effect of experience adjustments	(15.92)	(4.03)	2.55	2.11
	10	**Total re-measurements included in OCI**	**(7.31)**	**(4.19)**	**(12.83)**	**1.87**
	11	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)***	**(9.63)**	**(3.49)**	**(12.77)**	**3.02**

II			For the year ended 31st March, 2023		For the year ended 31st March, 2022	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
	1	Present Value of Defined Benefit Obligation	8.25	2.51	42.47	7.67
	2	Fair Value of Plan Assets	55.24	–	79.83	–
	3	Status [Surplus/(Deficit)] *	46.99	(2.51)	37.36	(7.67)
	4	**Net Asset/(Liability) recognised in Balance Sheet**	As at 31st March, 2023		As at 31st March, 2022	
			Current	Non Current	Current	Non Current
		- Gratuity	–	–	–	–
		- Leave Encashment	(0.19)	(2.32)	(1.10)	(6.57)

* The excess of plan assets over present value of defined benefit obligation for Gratuity has not been recognized since the Company does not have an unconditional right of refund over the excess plan assets. Consequently no defined benefit cost recognised in Profit and Loss and Other Comprehensive Income for Gratuity.

			For the year ended 31st March, 2023		For the year ended 31st March, 2022	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
III	**Change in Defined Benefit Obligations (DBO)**					
	1	Present Value of DBO at the beginning of the year	**42.47**	**7.67**	56.25	9.01
	2	Current Service Cost	**0.67**	**0.23**	1.97	0.72
	3	Interest Cost	**2.17**	**0.47**	2.89	0.43
	4	Others	**(0.33)**	–	(0.49)	–
	5	Remeasurement gains / (losses):				
		Effect of changes in demographic assumptions	–	–	–	–
		Effect of changes in financial assumptions	**(0.58)**	**(0.16)**	(1.08)	(0.24)
		Changes in asset ceiling (excluding interest income)	–	–	–	–
		Effect of experience adjustments	**(15.92)**	**(4.03)**	2.55	2.11
	6	Curtailment Cost / (Credit)	–	–	–	–
	7	Settlement Cost / (Credits)	–	–	–	–
	8	Liabilities assumed in business combination	–	–	–	–
	9	Exchange difference on foreign plans	–	–	–	–
	10	Benefits Paid	**(20.24)**	**(1.66)**	(19.61)	(4.36)
	11	**Present Value of DBO at the end of the year**	**8.25**	**2.51**	42.47	7.67

Notes to the statement of financial statement for the year ended 31st March, 2023 (Contd.)

IV	Best Estimate of Employer's Expected Contribution for the next year	As at 31st March, 2023	As at 31st March, 2022
	- Gratuity	Nil	Nil
	- Leave Encashment	NA	NA

			For the year ended 31st March, 2023		For the year ended 31st March, 2022	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
V	Change in Fair Value of Assets					
	1	Plan Assets at the beginning of the year	79.83	–	80.84	–
	2	Asset acquired in Business Combination	–	–	–	–
	3	Expected Return on Plan Assets	5.16	–	4.79	–
	4	Remeasurement Gains/(Losses) on plan assets	(9.19)	–	14.30	–
	5	Actual Company Contributions	–	–	–	–
	6	Benefits Paid	(20.24)	–	(19.61)	–
		Others	(0.33)	–	(0.49)	–
	7	Plan Assets at the end of the year	55.24	–	79.83	–

VI	Actuarial Assumptions		As at 31st March, 2023	As at 31st March, 2022
			Discount Rate (%)	Discount Rate (%)
	1	Gratuity	7.50%	6.75%
	2	Leave Encashment	7.50%	6.75%
	The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.			

VII	In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

VIII	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)		As at 31st March, 2023		As at 31st March, 2022	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
	1	Present Value of Defined Benefit Obligation	8.25	2.51	42.47	7.67
	2	Fair Value of Plan Assets	55.24	–	79.83	–
	3	Status [Surplus/(Deficit)]	46.99	(2.51)	37.36	(7.67)
	4	Experience Adjustment of Plan Assets [Gain/(Loss)]	–	–	–	–
	5	Experience Adjustment of obligation [(Gain)/Loss]	(15.92)	(4.03)	2.55	2.11

* The excess of plan assets over present value of defined benefit obligation for Gratuity has not been recognized since the Company does not have an unconditional right of refund over the excess plan assets.

IX	Sensitivity Analysis			
	The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above.			
				(₹ in Lakhs)
			DBO as at 31 March 2023	DBO as at 31 March 2022
	1	Discount Rate + 100 basis points	9.79	62.61
	2	Discount Rate - 100 basis points	11.88	68.23
	3	Salary Increase Rate + 1%	12.01	68.66
	4	Salary Increase Rate – 1%	9.71	62.16

(iv) Other Disclosures in respect of Gross Revenue from sale of products and services:

a) In terms of the nature of goods and services offered by the Company, the duration between rendering performance obligation and receipt of consideration is, generally, short term in nature.

b) Advances received from customers which are outstanding on the reporting date are expected to be recognized as revenue within a period of one year.

(v) Contingent liabilities:

a) Claims against the Company not acknowledged as debts NIL (2022 - ₹ 20.01 Lakhs) including interest estimated to be NIL (2022 - ₹ 3.32 Lakhs) for GST disputed by the Company.

(vi) The Shareholders of the Company on 21st March, 2020 had approved reduction of Issued, Subscribed and Paid-up Equity Share Capital of the Company from ₹ 18,84,60,000/- comprising 18,84,60,000 Equity Shares of ₹ 1/- each to ₹ 18,50,81,193/- comprising 18,50,81,193 Equity Shares of ₹ 1/- each, by way of cancelling and extinguishing, in aggregate, 33,78,807 Equity Shares of ₹ 1/- each held by Shareholders other than the Promoter (i.e. Public Shareholders), in lieu of payment not exceeding ₹ 1/- per share to such Shareholders. The said reduction of Equity Share Capital of the Company was confirmed by the National Company Law Tribunal, Mumbai Bench, vide Order dated 9th April, 2021.

Notes to the statement of financial statement for the year ended 31st March, 2023 (Contd.)

Consequently, the company become a wholly owned subsidiary of ITC Limited with effect from 29th July, 2021, upon completion of necessary formalities under section 66 of Companies Act, 2013.

(vii) The ageing of Trade Payable is as under: (₹ in Lakhs)

As at 31st March, 2023	Outstanding for following period from due date						Total
	Not Due	Unbilled Payable	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	–	–	–	–	–	–	–
Others	72.60	59.84	–	–	–	–	132.44
Disputed Dues – MSME	-	–	–	–	–	–	–
Disputed Dues – Others	–	–	–	–	–	–	–
Sub Total	**72.60**	**59.84**	–	–	–	–	**132.44**
Accrued Payables (not dues)	–	–	–	–	–	–	–
MSME	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	20.31
Total	–	–	–	–	–	–	**152.76**

(₹ in Lakhs)

As at 31st March, 2022	Outstanding for following period from due date						Total
	Not Due	Unbilled Payable	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	–	–	–	–	–	–	–
Others	151.44	59.62	–	–	–	–	211.06
Disputed Dues – MSME	–	–	–	–	–	–	–
Disputed Dues – Others	–	–	–	–	–	–	–
Sub Total	**151.44**	**59.62**	–	–	–	–	**211.06**
Accrued Payables (not dues)	–	–	–	–	–	–	–
MSME	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	33.70
Total	–	–	–	–	–	–	**244.76**

(viii) Ratios

The following are analytical ratios for the year ended March 31, 2022 and March 31,2021

Ratio	Numerator	Denominator	31st March 2023	31st March 2022
Current Ratio	Current Assets	Current Liabilities	1.2	1.2
Debt Service Coverage Ratio	Earnings for Debt Service	Debt Service	1.4	0.2
Inventory Turnover Ratio	Gross revenue from sales of products and services	Average Inventory	6.2	7.3
Trade Receivables Turnover ratio	Gross revenue from sales of products and services	Average Trade Receivables	10.8	14.2
Trade Payables Turnover ratio	Cost of goods sold + other expense + Non -Cash Expenditure	Average Trade Payables	5.8	4.7
Net Capital Turnover Ratio	Gross revenue from sales of products and services	Working Capital	11.1	10.9
Return on Capital employed	PBIT	Average Closing Capital Employed	34.7%	1.2%
Net Profit Ratio	Net Profit	Sales	1.4%	#
Return on Investment	Income from investment	Time weighted average Investment	5.3%	3.4%

\# #Not disclosed since negative
Debt-Equity Ratio and Return on Equity have not been disclosed as the same is negative in both the years.
Positive variance in Debt service coverage Ratio and Return on Capital Employed Ratio in FY 2022-23, is on account of higher sales.

(ix) Effect of amendments to Ind AS notified but not yet effective

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

Ind AS 1, 'Presentation of Financial Statements' - The amendments require companies to disclose their material accounting policies rather than their significant accounting policies.

Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments clarify how companies account for deferred tax on transactions such as leases.

Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – This amendment has introduced a definition of 'accounting estimates' and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these amendments.

25. Use of Estimates and Judgements

The key estimates and assumptions used in the preparation of financial statements are set out below:

- The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the income statement and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

26. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2016.

b) Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. The financial statements are presented in Rupees Lakhs.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

c) Going Concern Assumption

As at 31 March 2023, the net worth of the Company has been eroded due to accumulated losses / restructuring. The financial statements have been prepared on a going concern basis taking into consideration the sale orders currently on hand, investments in mutual funds and bank balances which are considered adequate to meet its obligations for the next 12 months from the Balance Sheet date.

d) Property, Plant & Equipment and Intangible Assets

Property, plant &equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realized. The carrying amount of a replaced part is derecognized. All other repairs and maintenance are charged to the statement of Profit & Loss.

Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/ system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

Depreciation or amortization of these assets commences when the assets are ready for their intended use. Depreciation or amortization is calculated in a manner that amortises the cost of the assets less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

Residual values and useful lives are reviewed, and are treated as changes in accounting estimates, at each balance sheet date.

e) Impairment of Assets

Impairment loss is provided, if any, to the extent, the carrying amount of assets exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amount of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

f) Inventories

Inventories including work-in-progress are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

g) Revenue from sale of products and services

Revenue is measured at the transaction price that the Company receives or expects to receive as consideration for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods excludes Goods and Services Tax which are payable in respect of sale of goods and services.

Revenue from the sale of goods and services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the period in which such services are rendered.

h) Trade Receivables

Trade receivables are initially measured at transaction value, which is the fair value and subsequently retained at cost less appropriate allowance for credit losses as all receivables of the Company are current in nature. Where significant, non – current receivables are accounted for at amortised cost using effective interest rate method less appropriate allowance for credit losses. Interest is accounted for on the basis of contractual terms, where applicable and is included in interest income. Impairment losses are recognized in the profit or loss where there is an objective evidence that the Company will not be able to collect all the due amounts.

i) Employee Benefits

The contributions in respect of defined benefit gratuity fund are made to Life Insurance Corporation (LIC) under its Group Gratuity Scheme. The accounting charge for benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the statement of profit and loss. Gain or Loss on account of re measurements are recognized immediately through Other Comprehensive Income in the period in which they occur.

Notes to the statement of financial statement for the year ended 31st March, 2023 (Contd.)

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed under projected unit credit method. These benefits are unfunded. Service costs and net interest expense or income is reflected in the statement of profit and loss. Gain or Loss on account of re measurements are recognized immediately through Other Comprehensive Income in the period in which they occur.

j) Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees including employees deputed by holding company is recognized at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost recognized as an employee benefit expenses in the Statement of Profit and Loss with corresponding credit in equity.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in other financial liabilities

k) Foreign Currency Transactions

The Company account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains/Losses arising on settlement of such transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rates are recognized in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the statement of profit and loss.

l) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Recognition: Financial assets include investments, Trade receivable, Advances, Security Deposits, Cash & Cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the assets is being fair valued through the statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose of which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and Cash equivalents. Such assets are initially recognised at fair value or transaction price, as applicable, when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously

m) Earnings per Share (EPS)

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity and equivalent dilutive equity shares outstanding during the period, except where the results would be anti-dilutive.

n) Taxes on Income

To provide current tax in the statement of profit and loss as the amount of tax payable in respect of taxable income for the period using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income are disclosed separately under Other Comprehensive Income.

Deferred tax is provided using the balance sheet approach, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes, unrecognised deferred tax assets to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

For and on behalf of the Board

D. ASHOK
Chairman
DIN : 02009735
Place : Kolkata
Date : 28th April, 2023

SAMIR V LIMAYE
Wholetime Director
DIN : 01757813
Place : Ambernath
Date : 28th April, 2023

S K SIPANI
Company Secretary
Place : Chennai
Date : 28th April, 2023

SHARAD MUNDRA
Chief Financial Officer
Place : Chennai
Date : 28th April, 2023

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. Your Directors submit their Report for the financial year ended 31st March, 2023.

2. **COMPANY PERFORMANCE**

   The operations of the Company during the year continued to be adversely impacted pursuant to the Order of the Hon'ble High Court of Uttarakhand at Nainital in February, 2014 dismissing the writ petition filed by the Company against the Order of the District Magistrate authorising State authorities to take possession of the land leased to the Company. The appeal filed by the Company against the aforesaid Order was admitted in April, 2014 and the matter is pending before the Hon'ble High Court.

   During the year under review, the Company recorded Total Income of ₹ 10.64 lakhs (previous year: ₹ 9.35 lakhs) and the Net Loss of the Company was ₹ 5.24 lakhs (previous year: ₹ 4.60 lakhs).

3. **DIVIDEND**

   In view of the losses incurred, your Directors are unable to recommend any dividend for the year under review.

4. **DIRECTORS**

   (a) <u>Changes in Directors during the year</u>

   During the year under review, there was no change in the composition of the Board of Directors of your Company ('Board').

   (b) <u>Retirement by Rotation</u>

   In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Articles 100, 101 and 102 of the Articles of Association of the Company, Mr. Sib Sankar Bandyopadhyay (DIN: 08016972), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

5. **BOARD MEETINGS**

   Four meetings of the Board were held during the year ended 31st March, 2023.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

   As required under Section 134 of the Act, your Directors confirm having:

   i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

   ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

   iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

   iv) prepared the Annual Accounts on a going concern basis; and

   v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

7. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

   The Company does not have any subsidiary, associate or joint venture.

8. **PARTICULARS OF EMPLOYEES**

   The requirements of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

   The requirement relating to constitution of Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is also not applicable to the Company.

9. **RISK MANAGEMENT**

   The Company's risk management framework, designed to bring robustness to the risk management processes, addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

   Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies.

10. **INTERNAL FINANCIAL CONTROLS**

    Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations.

    During the year under review, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

11. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

    During the year ended 31st March, 2023, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. **RELATED PARTY TRANSACTIONS**

    During the year under review, the Related Party Transactions (RPTs) entered into by your Company were in the ordinary course of business and on arm's length basis.

    The details of material RPTs of the Company in the prescribed Form No. AOC-2 are enclosed under **Annexure 1** to this Report.

13. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

    During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

14. **COST RECORDS**

    The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

15. **STATUTORY AUDITORS**

    Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), were appointed as the Auditors of your Company at the 22nd AGM held on 21st June, 2019 to hold such office till the conclusion of the 27th AGM (up to financial year 2023-24). Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of DHS for the financial year 2023-24. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

    There is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report on the financial statements of the Company.

16. **COMPLIANCE WITH SECRETARIAL STANDARDS**

    The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

17. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

    Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

    There has been no foreign exchange earnings or outgo during the year under review.

On behalf of the Board

S. S. Bandyopadhyay Director

Dated: 4th May, 2023 S. K. Pandey Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2023

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the Holding Company (ITC)
b)	Nature of contracts / arrangements / transactions	Purchase of goods
c)	Duration of the contracts / arrangements / transactions	N.A.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of Saplings from ITC Value of the transaction during the year - ₹ 3 lakhs
e)	Date(s) of approval by the Board, if any	6th January, 2023
f)	Amount paid as advances, if any	Nil

Dated : 4th May, 2023

On behalf of the Board

S. S. Bandyopadhyay Director

S. K. Pandey Director

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PRAG AGRO FARM LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Prag Agro Farm Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Board's report but does not include the financial statements and our auditor's report thereon. The Board's report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.
- When we read the Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 SAs 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 SAs, we exercise professional judgment and maintain professional skepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv.a) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b)The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c)Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 (the "CARO" / the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN: 23209252BGXMJO4895

Place : Chennai
Date: May 4, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Prag Agro Farm Limited (the "Company") as of March 31, 2023 in conjunction with our audit of financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of fraud and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I/we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on criteria for internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN: 23209252BGXMJO4895

Place : Chennai
Date: May 4, 2023

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company does not have any Intangible Assets.

(b) The Property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, in respect of the immovable property of land that has been take on sub-lease, the physical possession of such land has been taken over by the State Authorities during the year 2013-14, pursuant to an Order by Hon'ble High Court of Uttarakhand (also refer Note 19 of the Ind AS financial statements). As a matter of prudence, the cost of the land has been fully provided for in the Ind AS financial statements.

(d) The Company has not revalued any of its property, plant and equipment during the year. The Company does not have any intangible assets.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company does not have any inventory and hence reporting under clause (ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.

(iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

(iv) According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of Section 185 or 186 of the Companies Act, 2013, and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanation given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits. There were no unclaimed deposits outstanding at the end of the year. Hence, reporting under clause (v) of the Order is not applicable.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities during the year.

There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes:

(viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix)(a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) We report that the Company has neither taken any funds from any entity or person during the year nor it had any unutilised funds as at the beginning of the year of the funds raised through issue of shares or borrowings in the previous year and hence, reporting under clause (ix)(d) of the Order is not applicable.

(e) The Company has not raised any loans during the year and hence reporting on clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi)(a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.

(c) The Company is not required by statute to implement vigil mechanism under Companies Act, hence reporting under clause (xi) (c) of the Order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per the provisions of the Companies Act 2013.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding company or persons connected with such directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)(a,b,c) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order are not applicable.

(d) As represented to us by the Management, the Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has incurred cash losses amounting to Rs. 456.22 thousands during the financial year covered by our audit and Rs. 417.15 thousands in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

(xxi) The Company does not prepare consolidated financial statement and hence clause (xxi) is not applicable.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN: 23209252BGXMJO4895

Place : Chennai
Date: May 4, 2023

BALANCE SHEET AS AT 31ST MARCH, 2023
(All amounts are in thousands Indian Rupees unless otherwise stated)

	Note	As at March 31st, 2023 (₹)	As at March 31st, 2022 (₹)
ASSETS			
Non-current Assets			
Property, Plant and Equipment	19	–	–
Advance Tax and TDS Receivables [Net of Provisions of ₹ 131.53 thousands (March 22 - ₹ 367.68 thousands)		27.73	861.99
Total Non-current Assets		**27.73**	861.99
Current Assets			
Biological assets other than bearer plants	3	–	–
Financial Assets			
Cash and Cash Equivalents	4	8,345.37	8,263.76
Other Financial Assets	5	1,470.98	1,130.87
Total Current Assets		**9,816.35**	9,394.63
Total Assets		**9,844.08**	10,256.62
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	6	**12,800.02**	12,800.02
Other Equity	7	**(3,480.77)**	(2,956.52)
Total Equity		**9,319.25**	9,843.50
Liabilities			
Current Liabilities			
Financial Liabilities			
Trade Payables	18		
– total outstanding dues of micro enterprises and small enterprises		–	–
– total outstanding dues of creditors other than micro enterprises and small enterprises		511.47	350.58
Other Current Liabilities	8	13.36	62.54
Total Current Liabilities		**524.83**	413.12
Total Liabilities		**524.83**	413.12
Total Equity and Liabilities		**9,844.08**	10,256.62

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Ananthi Amarnath
Partner
Membership No. - 209252

Place: Chennai
Date: 4th May, 2023

For and on behalf of the Board of Directors

Suneel Pandey
Director
DIN - 8017025

Sib Sankar Bandyopadhyay
Director
DIN - 8016972

Place: Secunderabad
Date: 4th May, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31ST, 2023
(All amounts are in thousands Indian Rupees unless otherwise stated)

		Note	For the year ended March 31,2023 (₹)	For the year ended March 31,2022 (₹)
I	Revenue from Operations	9	380.00	340.00
II	Other Income	10	684.83	594.90
III	**Total Income (I+II)**		**1,064.83**	934.90
IV	**EXPENSES:**			
	Purchases of Stock-in-Trade		300.00	320.00
	Other Expenses	11	1,221.05	1,032.05
	Total Expenses (IV)		**1,521.05**	1,352.05
V	**Loss Before Tax (III-IV)**		(456.22)	(417.15)
VI	**Tax Expense:**			
	Current Tax	12(b)	68.03	42.47
	Taxation of prior years (net)		–	(0.08)
			68.03	42.39
VII	**Loss for the Year (V-VI)**		(524.25)	(459.54)
VIII	Other Comprehensive Income		–	-
IX	**Total Comprehensive Loss/Profit for the Year (VII+VIII)**		(524.25)	(459.54)
	Earnings per equity share (INR): Basic and Diluted (face value of ₹ 1 each)	15	(0.04)	(0.02)

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Ananthi Amarnath
Partner
Membership No. - 209252

Place: Chennai
Date: 4th May, 2023

For and on behalf of the Board of Directors

Suneel Pandey
Director
DIN - 8017025

Sib Sankar Bandyopadhyay
Director
DIN - 8016972

Place: Secunderabad
Date: 4th May, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023
(All amounts are in thousands Indian Rupees unless otherwise stated)

		For the year ended March 31,2023 (₹)	For the year ended March 31,2022 (₹)
A.	**Equity Share Capital**		
	Balance at April 1, 2022	**12,800.02**	12,800.02
	Changes in Equity Share Capital during the year	–	–
	Balance at March 31, 2023	**12,800.02**	12,800.02
B.	**Other Equity - Reserves & Surplus**		
	Retained Earnings		
	Balance at April 1, 2022	**(2,956.52)**	(2,496.98)
	Profit/(Loss) for the Year	**(524.25)**	(459.54)
	Balance at March 31, 2023	**(3,480.77)**	(2,956.52)

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Ananthi Amarnath
Partner
Membership No. - 209252

Place: Chennai
Date: 4th May, 2023

For and on behalf of the Board of Directors

Suneel Pandey
Director
DIN - 8017025

Sib Sankar Bandyopadhyay
Director
DIN - 8016972

Place: Secunderabad
Date: 4th May, 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023
(All amounts are in thousands Indian Rupees unless otherwise stated)

	For the year ended March 31, 2023 (₹)	For the year ended March 31, 2022 (₹)
Cash Flow from Operating Activities		
Loss Before Tax	(456.22)	(417.15)
Adjustments for:		
Interest Income	(684.83)	(594.90)
Operating Loss Before Working Capital Changes	**(1,141.05)**	(1,012.05)
Adjustments for:		
Increase/(Decrease) in Trade Payables	160.90	(159.05)
Increase/(Decrease) in Other Current Liabilities	(49.18)	58.01
Cash used in Operations	**(1,029.33)**	(1,113.09)
Income Taxes Paid (Net of Refunds)	766.23	(57.56)
Net Cash used in Operating Activities	**(263.10)**	(1,170.65)
Cash Flows from Investing Activities		
Interest Received	344.72	336.44
Net Cash generated from Investing Activities	**344.72**	336.44
Cash Flow from Financing Activities	–	–
Net Decrease in Cash and Cash Equivalents	**81.62**	(834.21)
Cash and Cash Equivalents at the beginning of the year	**8,263.76**	9,097.97
Cash and Cash Equivalents at the end of the year (Refer Note 4)	**8,345.37**	8,263.76

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Ananthi Amarnath
Partner
Membership No. - 209252

Place: Chennai
Date: 4th May, 2023

For and on behalf of the Board of Directors

Suneel Pandey
Director
DIN - 8017025

Sib Sankar Bandyopadhyay
Director
DIN - 8016972

Place: Secunderabad
Date: 4th May, 2023

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Company Overview

The Company is in the business of trading of poplar woods, saplings and agro forestry and other related activities, which consists of harvesting and selling of poplar wood, and is based in the states of Uttarakhand and Uttar Pradesh.

2. Significant Accounting Policies

2.1 Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

2.2 Basis of Preparation

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below, and on accrual basis. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that a price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

2.3 Use of Estimates and Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent liabilities and the reported amounts of income and expenses during the year. Actual results could differ from those estimates and the difference between the actual results and the estimates are recognised in the periods in which the results are known / materialise. The estimates and underlying assumptions are reviewed on an ongoing basis.

2.4 Biological Assets other than Bearer Plants

Biological assets other than bearer plants comprises of matured as well as growing poplar trees. These trees are felled for wood and are then sold to farmers, the usual production cycle ranging from 5 – 6 years. At any reporting period, these trees would be at various stages of growth. Since the trees have a growing period of 5-6 years, and there is no market for such trees in the initial 4-5 years of their growth, the fair value of the same cannot be established. Hence, such assets are measured at cost less any accumulated depreciation and any accumulated impairment losses on initial recognition and at the end of each reporting period. In determination of cost, no adjustment is made to the total cost of trees on account of undeveloped / diseased trees, being normal loss during the period of maturity of plantation (based on a technical estimate) except that realization / insurance claim for such trees is reduced from total cost. Cost includes all direct and indirect expenses in respect of the poplar plantation. Further, 75% of net standard realizable value of inter cropping, waste, etc. is reduced from the above cost because entire farm cost is first added to the cost of plantation.

Fair valuation is done for those trees which have attained a growth of 5 years and is ready for sale in the next one year, provided it is reasonably certain that the existing market prices are unlikely to show wide variability in the next one year. To determine the fair value, reference is made to the current market price of similar grade of wood less estimated costs to be incurred for making the sale.

Unharvested agricultural produce of intercropping traditional crops are valued at fair value less costs to sell.

2.5 Inventories

Agricultural produce after harvest i.e., felled wood from poplar trees and inter-cropping of traditional crops (viz., wheat and sugarcane) are measured at 75% of their net realizable value in accordance with well-established practice in the industry.

In respect of traded items, inventories are valued at weighted average cost basis.

2.6 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

2.7 Property, Plant and Equipment – Recognition and Depreciation

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment, if any. The cost comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses related to acquisition.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

2.8 Revenue Recognition

(a) Sale of Products: Revenue is measured at the transaction price that the Company receives or expects to receive as consideration for products supplied (net off estimated returns and discounts), upon transfer of significant risks and rewards of ownership of the products to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Interest Income on deposits with bank is accounted for on an accrual basis at the effective interest rate.

2.9 Earnings Per Share ('EPS')

Basic earnings per share ('EPS') is computed by dividing the net profit/ (loss) attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit/ (loss) attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the period, except where the results would be anti-dilutive.

2.10 Taxation

Income-tax expense comprises current tax and deferred tax charge or credit. Current tax is determined in accordance with the Income-tax Act, 1961. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. As the Company is currently engaged in trading of agricultural produce, such income is exempt from income tax. Accordingly, there are no deferred tax assets/liabilities arising therefrom.

2.11 Impairment of Assets

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

2.12 Contingencies and Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settlement to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.13 Operating Cycle

Based on the nature of products / activities of the Company which consists of harvesting and selling of poplar wood on an annual basis from the existing trees which have attained maturity and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current. In the process of trading of agri produce also, the operating cycle has been determined as 12 months.

Notes forming part of Financial Statements

(All amounts are in thousands Indian Rupees unless otherwise stated)

		As at March 31, 2023	As at March 31, 2022
3.	**Biological Assets other than Bearer Plants**		
	Unharvested Agri-Produce (Inter-Cropping of Traditional Crops)	4,128.27	4,128.27
	Unharvested Poplar Trees (Standing Crops)	15,818.63	15,818.63
		19,946.90	19,946.90
	Less: Provision for Write Down (Refer Note 19)	(19,946.90)	(19,946.90)
		–	–

Note: Additional disclosure in terms of Schedule III and Ind AS 41 have not been given in view of the ongoing litigation (Refer Note 19).

		As at March 31, 2023	As at March 31, 2022
4.	**Cash and Cash Equivalents**		
	Balances with Banks:		
	Current Account	19.89	46.98
	Deposit Accounts (Refer Note below)	8,322.09	8,209.76
	Cash on Hand	3.39	7.02
		8,345.37	8,263.76

Note: Deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

		As at March 31, 2023	As at March 31, 2022
5.	**Other Financial Assets**		
	Current:		
	Interest Accrued on Bank Deposits	1,468.98	1,128.87
	Others	2.00	2.00
		1,470.98	1,130.87

		As at 31 March 2023	As at 31 March 2022
6.	**Equity Share Capital**		
	Authorised Share Capital:		
	13,00,00,000 Equity Shares of ₹ 1 each fully paid-up	1,30,000.00	1,30,000.00
	Issued, Subscribed and Paid-up Capital:		
	1,28,00,020 Equity Shares of ₹ 1 each fully paid-up	12,800.02	12,800.02

A) Reconciliation of number of Equity Shares outstanding:

	Face Value	No. of Shares	Amount
Balance at April 1, 2021	1	1,28,00,020	12,800.02
Add: issued during the year		–	–
Balance as at March 31, 2022	1	1,28,00,020	12,800.02
Add: issued during the year		–	–
Balance at March 31, 2023	1	1,28,00,020	12,800.02

B) Shareholders holding more than 5% of the Equity Shares in the Company:

	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	%	No. of Shares	%
ITC Limited and its Nominees	1,28,00,020	100	1,28,00,020	100

* 12,800,014 shares are held by ITC Limited, the Holding Company and the balance 6 shares are held by nominees of the Holding Company jointly with the Holding Company.

C) Rights, preferences and restrictions attached to the Equity Shares:

The equity shares of the Company, having par value of ₹ 1 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

D) During 2016-17, pursuant to the Reduction of Share Capital approved by the Hon'ble High Court of Bombay, Authorised Share Capital has been changed to ₹ 1,30,000.00 thousands comprising of 13,00,00,000 equity shares of ₹ 1 each (Refer Note 13).

E) Shares held by Promoters

Sl. No	Promoters	As at 31st March 2023			As at 31st March 2022		
	Name	No of shares as at end of the year	% of Total Shares	% change during the year	No of shares as at end of the year	% of Total Shares	% change during the year
1	ITC Limited	1,28,00,020	100	-	1,28,00,020	100	-

		As at March 31, 2023	As at March 31, 2022
7.	**Other Equity**		
	Reserves and Surplus		
	Retained Earnings		
	Retained earnings comprise of the Company's undistributed earnings after taxes.	(3,480.77)	(2,956.52)
		(3,480.77)	(2,956.52)
8.	**Other Liabilities**		
	Current:		
	Statutory Liabilities	13.36	62.54
		13.36	62.54

		For the year ended March 31, 2023	For the year ended March 31, 2022
9.	**Revenue from Operations**		
	Sale of Products (Saplings)	380.00	340.00
		380.00	340.00
10.	**Other Income**		
	Miscellaneous Income	0.02	–
	Interest Income on:		
	Bank Deposits	590.48	594.03
	Income tax refund	94.31	0.87
		684.83	594.90
11.	**Other Expenses**		
	Rent	8.20	8.20
	Rates and Taxes	2.05	1.35
	Insurance	2.44	2.44
	Security Charges	329.28	315.76
	Legal Expenses	805.20	620.25
	Power & Fuel	3.46	16.21
	Miscellaneous Expenses	70.42	67.84
		1,221.05	1,032.05
	Miscellaneous expenses include :		
	Payment to Auditors (excluding applicable taxes)		
	- Statutory Audit	50.00	50.00
	- Tax Audit	15.00	15,00
		65.00	65.00

12. Tax Expenses

(a) The Company is in the business of Agro Forestry and related income and expenses are agricultural income, which are exempt u/s 10 of the Income Tax Act, 1961. (Also Refer Note 19).

(b) Reconciliation of the income tax provision to the amount computed by applying the Indian statutory income tax rate to the profit before tax is summarised below:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Loss before Income Tax	(456.22)	(417.15)
Enacted tax rates	25.17%	25.17%
Computed Expected Tax Expense	(114.83)	(105.00)
Tax on Income after excluding expenses for income exempt u/s 10	182.86	147.47
Income tax expense	68.03	42.47

13. Reduction of Issued, Subscribed and Paid-Up Equity Share Capital:

The Shareholders, in the Extra-Ordinary General Meeting held on June 15, 2016, approved reduction of Issued, Subscribed and Paid-up Equity Share Capital of the Company from ₹ 128,000.20 thousands comprising 1,28,00,020 equity shares of ₹ 10 each to ₹ 12,800.02 thousands comprising 1,28,00,020 equity shares of ₹ 1 each, and such reduction be effected by cancelling the Issued, Subscribed and Paid-up Equity Share Capital of the Company to the extent of Rs. 9 per share. Such cancellation of Share Capital was to be adjusted against the debit balance in Statement of Profit and Loss as at April 1, 2016. The aforesaid reduction of Share Capital was confirmed by the Hon'ble High Court at Bombay vide Order dates September 29, 2016 and became effective from November 22, 2016 consequent to the registration of the said order by the Registrar of Companies, Mumbai

NOTES FORMING PART OF THE FINANCIAL STATEMENTS(Contd.)

Consequently, the Authorised Share Capital of the Company was amended to ₹ 130,000.00 thousands comprising 13,00,00,000 Equity Shares of ₹ 1 each in the year 2016-17.

14. **Contingent Liabilities***

	As at March 31, 2023	As at March 31, 2022
Claims against the Company not acknowledged as debts:		
Revision of Land Lease Rent	6,700.00	6,700.00
	6,700.00	6,700.00

* It is not practicable for the Company to estimate the closure of the issue and the consequential timings of cash flows, if any, in respect of the above.

15. **Earnings Per Share**

	For the year ended March 31, 2023	For the year ended March 31, 2022
Computation of earnings per share is set out below:		
Net Loss attributable to Equity Shareholders (A)	(524.25)	(317.36)
Weighted Average Number of Equity Shares outstanding during the year (B) (Nos.)	128,00,020	1,28,00,020
Face value of Equity Share (₹)	1.00	1.00
Earnings Per Share (Basic and Diluted) (A/B) (₹)	(0.04)	(0.02)

16. **Segment Information**

The Board of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by IND AS 108 operating segments. The Company's activities involve predominantly business of growing and selling agricultural produce in India, which is considered to be a single business segment since these are subject to similar risks and returns. Further, the business is carried out in India and product sold primarily in India and hence there are no reportable geographical segments.

The Company receives more than 10% of its total revenue from operations from a single customer as under:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Mr. Jasvinder Singh	27%	0%
Mr. Devendra Pal Singh	0%	11%

17. **Related Party Disclosures**

a) **Details of Related Parties**

Name	Relationship
ITC Limited	Holding Company
Key Management Personnel	**Relationship**
S. K. Sipani	Non-Executive Director
Suneel Pandey	Non-Executive Director
Sib Sankar Bandyopadhyay	Non-Executive Director

(b) **Details of Related Party Transactions:**

	For the year ended March 31, 2023	For the year ended March 31, 2022
ITC Limited:		
Purchases	300.00	320.00

(c) **Details of Related Party Balances:**

	As at March 31 2023	As at March 31 2022
ITC Limited:	–	–

18. **Trade Payables**

	For the year ended March 31, 2023	For the year ended March 31, 2022
Total Outstanding dues of creditors of micro and small enterprises**	–	–
Total Outstanding dues of creditors other than micro and small enterprises	511.47	350.58
	511.47	350.58

**The Company, based on the information available on the status of the suppliers, does not have any dues to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

Ageing of Trade Payables

As at 31st March, 2023	Particulars Outstanding for following periods						
	Not Due	Unbilled Payable*	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
MSME	-	-	-	-	-	-	-
Others	-	511.47	-	-	-	-	511.47
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	-	**511.47**	-	-	-	-	**511.47**

As at 31st March, 2022	Particulars Outstanding for following periods						
	Not Due	Unbilled Payable*	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
MSME	-	-	-	-	-	-	-
Others	-	350.58	-	-	-	-	350.58
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	-	**350.58**	-	-	-	-	**350.58**

* Unbilled Payable denotes Provision for Expenses which are yet to be billed.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

19. During the year 2013-14, the Hon'ble High Court of Uttarakhand at Nainital, passed an Order directing the State Authorities to take possession of the land leased to the Company. The Company filed an appeal against the said order, which had been admitted and the matter is pending in the Hon'ble High Court.

    Consequent to the aforesaid Order, as a matter of prudence, cost of the land amounting to Rs. 71,009.68 thousands (being the difference between the premium of Rs. 101,690.20 thousands paid on acquisition of such leasehold land and amortised to the extent of Rs. 30,680.52 thousands) was fully impaired in 2013-14. On transition to Ind AS, deemed cost of such leasehold land as on April 1, 2015 is Nil. Further, as the Company does not have access to such land, biological assets (including agri-produce) thereon were fully provided for in 2013-14 and consequently, cost of such assets is Nil.

    In the interim, the Company has been examining alternate business opportunities and basis its long experience of trading in poplar wood/ saplings, the company continues to engage in trading of poplar wood / saplings in proximate markets.

    In view of the above and taking into account that the Company's assets primarily include current assets, the Board has determined that it would be appropriate to prepare its financial statements on a going concern basis.

20. Financial Instruments and Related Disclosures

A. Capital Management

The Company's financial strategy aims to strengthen its financial position through optimum deployment of capital in the business of agro forestry and other related activities, which consists of harvesting and selling of poplar wood, and in trading of agri produce and nurture opportunities available in the markets. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth of its businesses as a going concern.

B. Categories of Financial Instruments

	Note	As at March 31, 2023		As at March 31, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets (Measured at amortised cost)					
i) Cash and Cash Equivalents	4	8,345.37	8,345.37	8,263.76	8,263.76
ii) Other Financial Assets	5	1,470.98	1,470.98	1,130.87	1,130.87
Total Financial Assets		9,816.35	9,816.35	9,394.63	9,394.63
Financial Liabilities (Measured at amortised cost)					
(i) Trade Payables	18	511.47	511.47	350.58	350.58
Total Financial Liabilities		511.47	511.47	350.58	350.58

C. Financial Risk Management Objectives

The Company's activities expose it primarily to interest rate risk arising out of bank deposits made. Exposure to credit risk is limited to the outstanding trade receivables at hand and resulting from default by the counterparty.

i) Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Though the majority of the financial assets of the Company are fixed interest bearing instruments, the Company's net exposure to interest risk is negligible as such instruments are invested in fixed interest bearing instruments which are not subject to substantial movements in rates. The maximum exposure to interest rate risk is ₹ 8,322.09 thousands (As at March 31, 2022 - ₹ 8,209.76 thousands) and is represented by carrying amount of Balance with Banks - Deposit Accounts (Refer Note 4).

ii) Price Risk

The Company invests its surplus funds in bank deposits measured at amortized cost. Accordingly, these do not pose any significant price risk.

iii) Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company has cash and cash equivalents of ₹ 8,345.37 while the trade payables is ₹ 511.47 as at March 31, 2023. Trade payables is about 6% of the total cash and cash equivalents, hence the company does not foresee any liquidity risk.

iv) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. The company does not deal in credit unless specifically approved by the Chief Operating Decision Maker (CODM) and such credit extension is short term in nature ranging from 0 - 15 days. There are no outstanding debtors for which ECL provision is required to be assessed.

The following table gives details in respect of percentage of revenues generated from top customer and top 5 customers

	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from Top Customer	27%	11%
Revenue from Top 5 Customers	71%	42%

The Company's credit period generally ranges from 0-15 days.

D. Fair value measurement

As at March 31, 2023, the Company does not have any Non-current Financial Assets and Non-current Financial Liabilities. Fair value of Current Financial Assets and Current Financial Liabilities is equivalent to their carrying values.

21. Ratio

Ratio	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	Variance	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	18.70	22.74	-18%	
Return on Equity Ratio	PAT	Average Shareholder's Equity	*	*		
Trade Payable turnover Ratio	Sales	Average Trade Payable	0.88	0.79	12%	
Net Capital turnover Ratio	Sales	Working Capital	0.04	0.04	8%	
Net Profit Ratio	PAT	Sales	*	*		
Return on Capital Employed	PBIT	Average Capital Employed	*	*		

* Ratio not disclosed as the same is negative

Note: Debt Service Coverage Ratio, Inventory turnover Ratio, Debt Equity Ratio, Return on Investment and Trade Receivable Ratio are not applicable to the Company.

22. The financial statements were approved for issue by the Board of Directors on May 2, 2023.

For and on behalf of the Board of Directors

Suneel Pandey
Director
DIN- 8017025

Sib Sankar Bandyopadhyay
Director
DIN- 8016972

Place: Secunderabad

Date: 4th May, 2023

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

1. Your Directors submit their Report for the financial year ended 31st March, 2023.

2. **COMPANY PERFORMANCE**

   The operations of the Company during the year continued to be adversely impacted pursuant to the Order of the Hon'ble High Court of Uttarakhand at Nainital in February, 2014 dismissing the writ petition filed by the Company against the Order of the District Magistrate authorizing State authorities to take possession of the land leased to the Company. The appeal filed by the Company against the aforesaid Order was admitted in April, 2014 and the matter is pending before the Hon'ble High Court.

   During the year, the Company recorded Total Income of ₹ 12.38 lakhs (previous year: ₹ 5.13 lakhs). The Net Loss of the Company was ₹ 2.72 lakhs (previous year Loss : ₹ 4.40 lakhs).

3. **DIVIDEND**

   In view of the losses incurred, your Directors are unable to recommend any dividend for the year under review.

4. **DIRECTORS**

   (a) <u>**Changes in Directors during the year**</u>

   During the year under review, there was no change in the composition of the Board of Directors ('Board') of your Company.

   (b) <u>**Retirement by Rotation**</u>

   In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Articles 100, 101 and 102 of the Articles of Association of the Company, Mr. Sib Sankar Bandyopadhyay (DIN: 08016972), Director, will retire by rotation at the ensuing Annual General Meeting (`AGM') of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

5. **BOARD MEETINGS**

   Four meetings of the Board were held during the year ended 31st March, 2023.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

   As required under Section 134 of the Act, your Directors confirm having:

   i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

   ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

   iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

   iv) prepared the Annual Accounts on a going concern basis; and

   v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

7. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

   The Company does not have any subsidiary, associate or joint venture.

8. **PARTICULARS OF EMPLOYEES**

   The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure 1** to this Report.

   The requirement relating to constitution of Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is also not applicable to the Company.

9. **RISK MANAGEMENT**

   The Company's risk management framework, designed to bring robustness to the risk management processes, addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

   Management of risks vest with the executives responsible for the day-to-day conduct of the affairs of the Company, within the overall framework approved by the Board. Annual update is provided to the Board on the effectiveness of the Company's risk management systems and policies.

10. **INTERNAL FINANCIAL CONTROLS**

    Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations.

    During the year under review, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless, your Company recognizes that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes are undertaken to ensure that such systems are reinforced on an ongoing basis.

11. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

    During the year under review, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. **RELATED PARTY TRANSACTIONS**

    During the year under review, the Related Party Transactions (RPTs) entered into by your Company were in the ordinary course of business and on arm's length basis.

    The details of material RPTs of the Company in the prescribed Form AOC-2 are enclosed in **Annexure 2** to this Report.

13. **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

    During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

14. **COST RECORDS**

    The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

15. **STATUTORY AUDITORS**

    Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), were appointed as the Auditors of your Company at the 24th AGM held on 21st June, 2019 to hold such office till the conclusion of the 29th AGM (up to financial year 2023-24). Pursuant to Section 142 of the Act, the Board has recommended for the approval of the Members, remuneration of DHS for the financial year 2023-24. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

    There is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report on the financial statements of the Company.

16. **COMPLIANCE WITH SECRETARIAL STANDARDS**

    The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

17. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

    Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

    There has been no foreign exchange earnings or outgo during the year under review.

On behalf of the Board

S. S. Bandyopadhyay Director

Dated: 4th May, 2023 S. K. Pandey Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2023

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Names of employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of Employment	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
K. C. Pandey	54	Assistant Manager	3,23,329/-	3,00,768/-	B.A. and M.A. (Political Science)	27	1.1.1996	N.A.

Notes:

(a) Gross remuneration includes salary, variable pay / performance bonus, allowances & other benefits / applicable perquisites borne by the Company, except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

(b) Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

(c) All appointments are contractual in accordance with terms and conditions as per Company's rules.

(d) Mr. K.C.Pandey is neither relative of any Director of the Company nor hold any equity share in the Company.

On behalf of the Board

S. S. Bandyopadhyay Director

Dated: 4th May, 2023

S. K. Pandey Director

Annexure 2 to the Report of the Board of Directors for the financial year ended 31stMarch, 2023

FORM NO. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited, the Holding Company (ITC)
b)	Nature of contracts / arrangements / transactions	Purchase of goods
c)	Duration of the contracts / arrangements / transactions	N.A.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of saplings from ITC Value of the transaction during the year - ₹ 9 lakhs
e)	Date(s) of approval by the Board, if any	6th January, 2023
f)	Amount paid as advances, if any	Nil

On behalf of the Board

S. S. Bandyopadhyay Director

Dated: 4th May, 2023

S. K. Pandey Director

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PAVAN POPLAR LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pavan Poplar Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Board's report but does not include the financial statements and our auditor's report thereon. The Board's report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.
- When we read the Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 SAs 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 SAs, we exercise professional judgment and maintain professional skepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. (a) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (b) The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

      v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

      vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 (the "CARO" / the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN: 23209252BGXMJP8362

Place : Chennai
Date: May 4, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Pavan Poplar Limited (the "Company") as of March 31, 2023 in conjunction with our audit of financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of fraud and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I/we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on criteria for internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN: 23209252BGXMJP8362

Place : Chennai
Date: May 4, 2023

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company does not have any Intangible Assets.

(b) The Property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, in respect of the immovable property of land that has been take on sub-lease, the physical possession of such land has been taken over by the State Authorities during the year 2013-14, pursuant to an Order by Hon'ble High Court of Uttarakhand (also refer Note 22 of the Ind AS financial statements). As a matter of prudence, the cost of the land has been fully provided for in the Ind AS financial statements.

(d) The Company has not revalued any of its property, plant and equipment during the year. The Company does not have any intangible assets.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company does not have any inventory and hence reporting under clause (ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.

(iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

(iv) According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of Section 185 or 186 of the Companies Act, 2013, and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanation given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits. There were no unclaimed deposits outstanding at the end of the year. Hence, reporting under clause (v) of the Order is not applicable.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities during the year.

There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes:

(viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) We report that the Company has neither taken any funds from any entity or person during the year nor it had any unutilised funds as at the beginning of the year of the funds raised through issue of shares or borrowings in the previous year and hence, reporting under clause (ix)(d) of the Order is not applicable.

(e) The Company has not raised any loans during the year and hence reporting on clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.

(c) The Company is not required by statute to implement vigil mechanism under Companies Act, hence reporting under clause (xi) (c) of the Order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per the provisions of the Companies Act 2013.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding company or persons connected with such directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)(a,b,c)The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order are not applicable.

(d) As represented to us by the Management, the Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has incurred cash losses amounting to Rs. 265.55 thousands during the financial year covered by our audit and Rs. 440.16 thousands in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

(xxi) The Company does not prepare consolidated financial statement and hence clause (xxi) is not applicable.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 3020092E)

Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN: 23209252BGXMJP8362

Place : Chennai
Date: May 4, 2023

BALANCE SHEET AS AT 31ST MARCH, 2023

(All amounts are in Indian Rupees thousands unless otherwise stated)

	Note	As at 31st March, 2023 (₹)	As at 31st March, 2022 (₹)
ASSETS			
Non-current assets			
Property, Plant and Equipment	22	–	–
Advance Tax and TDS Receivables [Net of provisions of ₹ 70.59 thousand (March 22 - ₹ 70.88 thousand)		8.14	39.96
Total Non-current Assets		8.14	39.96
Current Assets			
Biological assets other than bearer plants	3	–	–
Financial Assets			
Cash and Cash Equivalents	4	3,198.56	3,445.93
Other Financial Assets	5	77.74	65.66
Other Current Assets	6	42.34	42.34
Total Current Assets		3,318.64	3,553.93
Total Assets		3,326.78	3,593.89
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	7	55,100.04	55,100.04
Other Equity	8	(52,060.64)	(51,793.85)
Total Equity		3,039.40	3,306.19
Liabilities			
Non-current Liabilities			
Provisions	9	136.86	122.53
Total Non-current Liabilities		136.86	122.53
Current Liabilities			
Financial Liabilities			
Trade Payables	21		
- total outstanding dues of micro enterprises and small enterprises		–	–
- total outstanding dues of creditors other than micro enterprises and small enterprises		137.25	151.20
Other Financial Liabilities	10	3.60	4.41
Other Current Liabilities	11	5.58	6.11
Provisions	9	4.09	3.45
Total Current Liabilities		150.52	165.17
Total Liabilities		287.38	287.70
Total Equity and Liabilities		3,326.78	3,593.89

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Ananthi Amarnath
Partner
Membership No. - 209252

Place: Chennai
Date: 4th May, 2023

For and On behalf of the Board of Directors

Suneel Pandey
Director
DIN - 8017025

Sib Sankar Bandyopadhyay
Director
DIN - 8016972

Place: Secunderabad
Date: 4th May, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in Indian Rupees thousands unless otherwise stated)

		Note	For the year ended March 31,2023 (₹)	For the year ended March 31,2022 (₹)
I	Revenue from Operations	12	**1,140.00**	340.00
II	Other Income	13	**98.48**	173.35
III	**Total Income (I+II)**		**1,238.48**	513.35
IV	**EXPENSES:**			
	Purchases of Stock-in-Trade		**900.00**	320.00
	Employee Benefits Expense	14	**345.75**	323.33
	Other Expenses	15	**258.28**	310.18
	Total Expenses (IV)		**1,504.03**	953.51
V	Loss Before Tax (III-IV)		**(265.55)**	(440.16)
VI	Tax Expense:			
	Current Tax	16(c)	**6.54**	–
	Taxation of prior years written back (net)		**–**	–
	Total Tax Expense (VI)		**6.54**	–
VII	Loss for the Year (V-VI)		**(272.09)**	(440.16)
	A Other Comprehensive Income:			
	(i) Items that will not be reclassified to profit and loss			
	- Remeasurement of the defined benefit liability	23	**5.30**	(0.68)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	16(b)	**–**	–
VIII	**Total Other Comprehensive Profit/(Loss) [(A(i-ii)]**		**5.30**	(0.68)
IX	**Total Comprehensive Loss for the Year (VII+VIII)**		**(266.79)**	(440.84)
	Earnings per Equity Share (in INR): Basic and Diluted (face value of ₹ 10 each)	18	**(0.05)**	(0.08)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Ananthi Amarnath
Partner
Membership No. - 209252

Place: Chennai
Date: 4th May, 2023

For and On behalf of the Board of Directors

Suneel Pandey
Director
DIN - 8017025

Sib Sankar Bandyopadhyay
Director
DIN - 8016972

Place: Secunderabad
Date: 4th May, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in Indian Rupees thousands unless otherwise stated)

A. Equity Share Capital:

	Amount
Balance at April 1, 2021	**55,100.04**
Changes in Equity Share Capital during the year	–
Balance at March 31, 2022	**55,100.04**
Changes in Equity Share Capital during the year	–
Balance at March 31, 2023	**55,100.04**

B. Other Equity :

	Reserves and Surplus		Other items of Other Comprehensive Income	Total
	General Reserve	**Retained Earnings**		
Balance as at April 1, 2021	500.00	(51,018.48)	(834.53)	(51,353.01)
Loss for the year	–	(440.16)	–	(440.16)
Remeasurement of the Defined Benefit Liability [Refer Note 16(b)]	–	–	(0.68)	(0.68)
Balance at March 31, 2022	500.00	(51,458.64)	(835.21)	(51,793.85)
Loss for the year	–	(272.09)	–	(272.09)
Remeasurement of the Defined Benefit Liability [Refer Note 16(b)]	–	–	5.30	5.30
Balance at March 31, 2023	**500.00**	**(51,730.73)**	**(829.91)**	**(52,060.64)**

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Ananthi Amarnath
Partner
Membership No. - 209252

Place: Chennai
Date: 4th May, 2023

For and On behalf of the Board of Directors

Suneel Pandey
Director
DIN - 8017025

Sib Sankar Bandyopadhyay
Director
DIN - 8016972

Place: Secunderabad
Date: 4th May, 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in Indian Rupees thousands unless otherwise stated)

	For the year ended March 31, 2023 (₹)	For the year ended March 31, 2022 (₹)
Cash Flow from Operating Activities		
(Loss) / Profit Before Tax	**(265.55)**	(440.16)
Adjustments for:		
Provision no longer required written back	**–**	–
Interest Income	**(98.48)**	(173.35)
Operating Loss Before Working Capital Changes	**(364.03)**	(613.51)
Adjustments for:		
Increase/(Decrease) in Trade Payable	**(13.95)**	5.80
Increase / (Decrease) in Other Current Liabilities, Other Financial Liabilities and Provisions	**18.93**	5.41
Cash used in Operations	**(359.05)**	(602.30)
Income Taxes (Paid (Net of Refunds)) / refund received	**25.27**	(16.70)
Net Cash used in Operating Activities	**(333.78)**	(619.00)
Cash Flow from Investing Activities		
Interest Received	**86.40**	189.72
Net Cash generated from Investing Activities	**86.40**	189.72
Cash Flow from Financing Activities	**–**	–
Net decrease in Cash and Cash Equivalents	**(247.37)**	(429.28)
Cash and Cash Equivalents at the beginning of the year	**3,445.93**	3,875.21
Cash and Cash Equivalents at the end of the year (Refer Note 4)	**3,198.56**	3,445.93

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Ananthi Amarnath
Partner
Membership No. - 209252

Place: Chennai
Date: 4th May, 2023

For and On behalf of the Board of Directors

Suneel Pandey
Director
DIN - 8017025

Sib Sankar Bandyopadhyay
Director
DIN - 8016972

Place: Secunderabad
Date: 4th May, 2023

Notes forming part of the Financial Statements

1. Company Overview

The Company is in the business of trading of poplar woods, saplings and agro forestry and other related activities, which consists of harvesting and selling of poplar wood, and is based in the states of Uttarakhand and Uttar Pradesh. The Company is presently exploring business opportunities in trading of agri produce and has undertaken trading of poplar saplings.

2. Significant Accounting Policies

2.1 Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

2.2 Basis of Preparation

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below, and on accrual basis. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that a price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

2.3 Use of Estimates and Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent liabilities and the reported amounts of income and expenses during the year. Actual results could differ from those estimates and the difference between the actual results and the estimates are recognised in the periods in which the results are known / materialise. The estimates and underlying assumptions are reviewed on an ongoing basis.

2.4 Biological Assets other than Bearer Plants

Biological assets other than bearer plants comprises of matured as well as growing poplar trees. These trees are felled for wood and are then sold to farmers, the usual production cycle ranging from 5 – 6 years. At any reporting period, these trees would be at various stages of growth. Since the trees have a growing period of 5-6 years, and there is no market for such trees in the initial 4-5 years of their growth, the fair value of the same cannot be established. Hence, such assets are measured at cost less any accumulated depreciation and any accumulated impairment losses on initial recognition and at the end of each reporting period. In determination of cost, no adjustment is made to the total cost of trees on account of undeveloped / diseased trees, being normal loss during the period of maturity of plantation (based on a technical estimate) except that realization / insurance claim for such trees is reduced from total cost. Cost includes all direct and indirect expenses in respect of the poplar plantation. Further, 75% of net standard realizable value of inter cropping, waste, etc. is reduced from the above cost because entire farm cost is first added to the cost of plantation.

Fair valuation is done for those trees which have attained a growth of 5 years and is ready for sale in the next one year, provided it is reasonably certain that the existing market prices are unlikely to show wide variability in the next one year. To determine the fair value, reference is made to the current market price of similar grade of wood less estimated costs to be incurred for making the sale.

Unharvested agricultural produce of intercropping traditional crops are valued at fair value less costs to sell.

2.5 Inventories

Agricultural produce after harvest i.e., felled wood from poplar trees and inter-cropping of traditional crops (viz., wheat and sugarcane) are measured at 75% of their net realizable value in accordance with well-established practice in the industry.

In respect of traded items, inventories are valued at weighted average cost basis.

2.6 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

2.7 Property, Plant and Equipment – Recognition and Depreciation

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment, if any. The cost comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses related to acquisition.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

2.8 Revenue Recognition

(a) Sale of Products: Revenue is recognised at the transaction price that the Company receives or expects to receive as consideration for products supplied (net off estimated returns and discounts), upon transfer of significant risks and rewards of ownership of the products to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Interest Income on deposits with bank is accounted for on an accrual basis at the effective interest rate.

2.9 Retirement Benefits

Defined Contribution Plans

The Company's contribution to provident fund and employees' state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plans

The Company's gratuity benefit scheme is a defined benefit plan which is not funded. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Gain or Loss on account of remeasurements are recognised immediately through Other Comprehensive Income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds.

Other Long-Term Employment Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

2.10 Earnings Per Share ('EPS')

Basic earnings per share ('EPS') is computed by dividing the net profit/ (loss) attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit/ (loss) attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the period, except where the results would be anti-dilutive.

2.11 Taxation

Income-tax expense comprises current tax and deferred tax charge or credit. Current tax is determined in accordance with the Income-tax Act, 1961. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that

Notes forming part of the Financial Statements (Contd.)

have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. As the Company is currently engaged in trading of agricultural produce, such income is exempt from income tax. Accordingly, there are no deferred tax assets/liabilities arising therefrom.

2.12 Impairment of Assets

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

2.13 Contingencies and Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settlement to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.14 Operating Cycle

Based on the nature of products / activities of the Company which consists of harvesting and selling of poplar wood on an annual basis from the existing trees which have attained maturity and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current. In the process of trading of agri produce also, the operating cycle has been determined as 12 months.

Notes forming part of Financial Statements

(All amounts are in Indian Rupees thousands unless otherwise stated)

		As at 31 March 2023	As at 31 March 2022
3.	**Biological Assets other than Bearer Plants**		
	Unharvested Agri-Produce (Inter cropping of traditional crops)	4,327.03	4,327.03
	Unharvested Poplar Trees (Standing crops)	20,986.18	20,986.18
		25,313.21	25,313.21
	Less: Provision for Write Down (Refer Note 22)	(25,313.21)	(25,313.21)
		–	–

Note: Additional disclosure in terms of Schedule III and Ind AS 41 have not been given in view of the ongoing litigation (Refer Note 22).

		As at 31 March 2023	As at 31 March 2022
4.	**Cash and Cash Equivalents**		
	Balances with Banks		
	Current Account	92.98	193.70
	Deposit Accounts (Refer Note below)	3,100.00	3,252.00
	Cash on Hand	5.58	0.23
		3,198.56	3,445.93

Note: Deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

		As at 31 March 2023	As at 31 March 2022
5.	**Other Financial Assets**		
	Current		
	Interest Accrued on the Bank Deposits	77.74	65.66
		77.74	65.66
6.	**Other Current Assets**		
	Deposits with Statutory Authorities	42.34	42.34
		42.34	42.34
7.	**Equity Share Capital**		
	Authorised Share Capital:		
	1,00,00,000 Equity Shares of ₹ 10 each fully paid-up	1,00,000.00	100,000.00
	Issued, Subscribed and Paid-Up Capital:		
	55,10,004 Equity Shares of ₹ 10 each fully paid-up	55,100.40	55,100.40

A) Reconciliation of number of Equity Shares outstanding:

	No. of Shares	Amount
Balance at April 1, 2021	55,10,004	55,100.04
Add: Issued during the year	–	–
Balance at March 31, 2022	55,10,004	55,100.04
Add: Issued during the year	–	–
Balance at March 31, 2023	55,10,004	55,100.04

B) Shareholders holding more than 5% of the Equity Shares in the Company:

	As at March 31, 2023 (No. of Shares)	%	As at March 31, 2022 (No. of Shares)	%
ITC Limited and its nominees	55,10,004	100	55,10,004	100

* 55,09,998 shares are held by ITC Limited, the Holding Company and the balance 6 shares are held by nominees of the Holding Company jointly with the Holding Company.

C) Rights, preferences and restrictions attached to the Equity Shares:

The equity shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

D) Shares held by Promoters:

Sl. No	Promoters Name	As at 31st March 2023			As at 31st March 2022		
		No of shares as at end of the year	% of Total Shares	% change during the year	No of shares as at end of the year	% of Total Shares	% change during the year
1	ITC Limited	55,10,004	100	-	55,10,004	100	-

		As at 31 March 2023	As at 31 March 2022
8.	**Other Equity**		
	Reserves and Surplus:		
	General Reserve		
	This represents appropriation of profit by the Company.	500.00	500.00
	Retained Earnings		
	Retained earnings comprise of the Company's undistributed earnings after taxes.	(51,730.73)	(51,458.64)
	Other items of other comprehensive income		
	Other items of other comprehensive income consist of remeasurement of net defined benefit liability/asset.	(829.91)	(835.21)
		(52,060.64)	(51,793.85)
9.	**Provisions**		
	Employee Benefits:		
	Gratuity (Refer Note 23)	125.63	118.11
	Compensated Absences	15.32	7.87
		140.95	125.98
	Non-current		
	Gratuity (Refer Note 23)	121.98	114.85
	Compensated Absences	14.88	7.68
		136.86	122.53
	Current		
	Gratuity (Refer Note 23)	3.65	3.26
	Compensated Absences	0.44	0.19
		4.09	3.45
		140.95	125.98
10.	**Other Financial Liabilities**		
	Current:		
	Employee Dues Payable	3.60	4.41
		3.60	4.41
11.	**Other Liabilities**		
	Current:		
	Statutory Liabilities	5.58	6.11
		5.58	6.11

		For the year ended 31 March 2023	For the year ended 31 March 2022
12.	**Revenue from Operations**		
	Sale of Products (Saplings)	1,140.00	340.00
		1,140.00	340.00

Notes forming part of the Financial Statements (Contd.)

	For the year ended 31 March 2023	For the year ended 31 March 2022
13. Other Income		
Interest Income on:		
Bank Deposits	93.00	173.35
Other interest	3.22	–
Income tax refund	2.26	–
	98.48	173.35
14. Employee Benefits Expense		
Salaries and Wages (Refer Note 25)	300.28	265.83
Contribution to Provident and Other Funds	32.65	35.09
Gratuity Expense (Refer Note 23)	12.82	11.18
Staff Welfare Expenses	–	11.23
	345.75	323.33
15. Other Expenses		
Rent	7.76	7.76
Rates and Taxes	2.08	1.35
Insurance	2.80	2.80
Repairs and Maintenance - Others	0.80	0.68
Security Charges	164.07	157.89
Legal and Consultancy Expenses	9.97	67.20
Miscellaneous Expenses	70.80	72.50
	258.28	310.18
Miscellaneous Expenses include:		
Payment to Auditors (excluding applicable taxes)		
- Statutory Audit	**50.00**	50.00
- Tax Audit	**15.00**	15.00
	65.00	65.00

16. Tax Expense

(a) The Company is in the business of Agro Forestry and related income and expenses are agricultural income, which are exempt u/s 10 of the Income-Tax Act, 1961. (Also refer note 22)

(b) Remeasurement of actuarial losses relating to gratuity are related agricultural activities of the Company. Hence, there is no tax impact on such remeasurement of actuarial losses.

(c) A reconciliation of the income tax provision to the amount computed by applying the Indian statutory income tax rate to the loss before tax is summarised below:

	For the year ended 31 March 2023	For the year ended 31 March 2022
Loss before Income Tax	**(265.55)**	(440.16)
Enacted Tax Rates	**25.17%**	25.17%
Computed Expected Tax Expense	**(67.00)**	(111.00)
Tax on Income after excluding expenses for income exempt u/s 10	**73.54**	111.00
Income Tax Expense	**6.54**	–

	For the year ended 31 March 2023	For the year ended 31 March 2022
17. Contingent Liabilities *		
Claims against the Company not acknowledged as Debts		
Revision of Land Lease Rent	**10,700.00**	10,700.00
Other Matters	**42.34**	42.34
	10,742.34	10,742.34

* It is not practicable for the Company to estimate the closure of the issue and the consequential timings of cash flows, if any, in respect of the above.

	For the year ended 31 March 2023	For the year ended 31 March 2022
18. Earnings Per Share		
Computation of earnings per share is set out below:		
Net (Loss) / Profit attributable to Equity Shareholders (A)	(272.09)	(440.16)
Weighted Average Number of Equity Shares outstanding during the year (B) (Nos.)	55,10,004	55,10,004
Face value of Equity Share (INR)	10.00	10.00
Earnings Per Share (Basic and Diluted) (A/B) (in INR)	(0.05)	(0.08)

19. Segment Information

The Board of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by IND AS 108 Operating Segments. The Company's activities involve predominantly business of growing and selling agricultural produce in India, which is considered to be a single business segment since these are subject to similar risks and returns. Further, the business is carried out in India and product sold primarily in India and hence there are no reportable geographical segments.

The Company receives more than 10% of its total revenue from operations from a single customer as under

	For the year ended 31 March 2023	For the year ended 31 March 2022
Mr. Karamjeet Singh	**13.33%**	0.00%
Mr. Jaswinder Singh	**0.00%**	17.00%
Mr. Parvinder Singh	**0.00%**	11.90%

20. Related Party Disclosures

a) Details of Related Parties :

Name	**Relationship**
ITC Limited	Holding Company
Key Management Personnel	**Relationship**
S. K. Sipani	Non-Executive Director
Suneel Pandey	Non-Executive Director
Sib Sankar Bandyopadhyay	Non-Executive Director

(b) Details of Related Party Transactions:

Description	For the year ended 31 March 2023	For the year ended 31 March 2022
ITC Limited:		
Purchases	**900.00**	320.00

(c) Details of Related Party Balances:

Description	As at 31 March 2023	As at 31 March 2022
ITC Limited	–	–

21. Trade Payable

Total Outstanding dues of creditors of micro and small enterprises**	–	–
Total Outstanding dues of creditors other than micro and small enterprises	137.25	151.20
	137.25	151.20

**The Company, based on the information available on the status of the suppliers, does not have any dues to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

Ageing of Trade Payables

As at 31st March, 2023	Particulars Outstanding for following periods						Total
	Not Due	Unbilled Payable*	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-	-
Others	-	137.25	-	-	-	-	137.25
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	-	**137.25**	-	-	-	-	137.25

Ageing of Trade Payables

As at 31st March, 2022	Particulars Outstanding for following periods						Total
	Not Due	Unbilled Payable*	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-	-
Others	-	151.20	-	-	-	-	151.20
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	-	**151.20**	-	-	-	-	151.20

* Unbilled Payable denotes Provision for Expenses which are yet to be billed.

Notes forming part of the Financial Statements (Contd.)

22. During the year 2013-14, the Hon'ble High Court of Uttarakhand at Nainital, passed an order directing the State Authorities to take possession of the land leased to the Company. The Company had filed an appeal against the said Order, which had been admitted and the matter is pending in the Hon'ble High Court.

Consequent to the aforesaid Order, as a matter of prudence, cost of the land amounting to Rs. 23,410.91 thousands (being the difference between the premium paid on acquisition of such leasehold land amounting to Rs. 44,933.86 thousands and amortised to the extent of Rs. 21,522.95 thousands) was fully impaired in 2013-14. On transition to Ind AS, deemed cost of such leasehold land as on April 1, 2015 is Nil. Further, as the Company does not have access to such land, biological assets (including agri-produce) thereon were fully provided for and consequently, cost of such assets is Nil.

In the interim, the Company has been examining alternate business opportunities and basis its long experience of trading in poplar wood/saplings, the Company continues to engage in trading of poplar wood / saplings in the proximate markets.

In view of the above and taking into account that the Company's assets primarily include current assets (Cash and Cash Equivalents), the Board has determined that it would be appropriate to prepare its financial statements on a going concern basis.

23. Employee Benefits

Description of Plans

The Company makes contribution to defined contribution scheme (Provident Fund) for qualifying employees. The Company makes a monthly contribution as a percentage of eligible salary to Provident Fund.

The liabilities arising in the defined benefit schemes are determined in accordance with the actuarial valuation. Gratuity and Compensated Absences benefits are unfunded.

Risk Management

The defined benefit plans expose the Company to actuarial deficit arising out of interest rate risk, longevity risk and salary cost inflation risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

Gratuity:

The following tables set out the amount recognised in the Financial Statements as of March 31, 2023 and March 31, 2022:

	For the year ended 31 March 2023	For the year ended 31 March 2022
Change in Benefit Obligation		
Benefit Obligation at the beginning	118.11	106.25
Current Service Cost	4.85	4.54
Interest Expense	7.97	6.64
Remeasurements - Actuarial Losses	(5.30)	0.68
Benefits Paid	–	–
Benefit Obligations at the end	**126.163**	**118.11**

Amount for the year ended March 31, 2023 and March 31, 2022 recognised in the Statement of Profit and Loss under employee benefit expense:

Current Service Cost	**4.85**	4.54
Interest Expense	**7.97**	6.64
Gratuity Expense	**12.82**	11.18

Amount for the year ended March 31, 2023 and March 31, 2022 recognised in the Statement of Other Comprehensive Income:

Remeasurements of the Defined Benefit Liabilities		
Effect of Experience Adjustments	(3.37)	(2.62)
Effect of Experience Adjustment	(1.93)	3.30
Cost recognised in the Statement of Other Comprehensive Income	**(5.30)**	0.68

Liability recognised in the Balance Sheet	**As at March 31, 2023**	As at March 31, 2022
Remeasurements of the Defined Benefit Liabilities		
Present Value of Defined Benefit Obligation	**125.63**	118.11
Liability recognised in Balance Sheet		
- Current	**3.65**	3.26
- Non-Current	**121.98**	114.85
Liability recognised in Balance Sheet	**125.63**	118.11

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	As at March 31, 2023	As at March 31, 2022
Discount Rates	**7.50%**	6.75%
Expected rates of salary increase	**7.00%**	7.00%
Mortality Table	**Indian Assured Lives Mortality (2012-14) Ultimate**	Indian Assured Lives Mortality (2012-14) Ultimate
Retirement Age	**58 Years**	58 Years

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

As at March 31, 2023, every percentage point increase / decrease in discount rate will affect the Company's gratuity benefit obligation by approximately Rs. 4,300/-.

As at March 31, 2022, every percentage point increase / decrease in compensation levels will affect the Company's gratuity benefit obligation by approximately Rs. 5,000/-

24. Financial Instruments and Related Disclosures

A. Capital Management

The Company's financial strategy aims to strengthen its financial position through optimum deployment of capital in the business of agro forestry and other related activities, which consists of harvesting and selling of poplar wood, and in trading of agri produce and nurture opportunities available in the markets. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth of its businesses as a going concern.

B. Categories of Financial Instruments

	Note	As at March 31, 2023		As at March 31, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets (Measured at amortised cost)					
i) Cash and Cash Equivalents	4	**3,198.56**	**3,198.56**	3,445.93	3,445.93
ii) Other Financial Assets	5	**77.74**	**77.74**	65.66	65.66
Total Financial Assets		**3,276.30**	**3,276.30**	**3,511.59**	**3,511.59**
Financial Liabilities (Measured at amortised cost)					
(i) Trade Payables	21	**137.25**	**137.25**	151.20	151.20
(ii) Other Financial Liabilities	10	**3.60**	**3.60**	4.41	4.41
Total Financials Liabilities		**140.85**	**140.85**	**155.61**	**155.61**

C. Financial Risk Management Objectives

The Company's activities expose it to primarily to interest rate risk arising out of bank deposits made. The company does not have any outstanding trade receivables at hand and hence there is no credit risk.

i) Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Though the majority of the financial assets of the Company are fixed interest bearing instruments, the Company's net exposure to interest risk is negligible as such instruments are invested in fixed interest bearing instruments which are not subject to substantial movements in rates. The maximum exposure to interest rate risk is Rs. 3,100.00 thousands (As at March 31, 2022 - Rs. 3252 thousands) and is represented by carrying amount of Balance with Banks - Deposit Accounts (Refer Note 4).

ii) Price Risk

The Company invests its surplus funds in bank deposits measured at amortized cost. Accordingly, these do not pose any significant price risk.

iii) Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The company has Cash and Cash equivalents of Rs. 3,198.56 thousands while the aggregate of trade payables and other financial liabilities is Rs. 140.85 thousands. Aggregate of trade payables and other financial liabilities is about 5% of the total cash and cash equivalents, hence the company does not foresee any liquidity risk.

iv) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss

Notes forming part of the Financial Statements (Contd.)

to the Company. The company does not deal in credit unless specifically approved by the Chief Operating Decision Maker and such credit extension is short term in nature ranging from 0 - 15 days. There are no outstanding debtors for which ECL provision is required to be assessed.

The following table gives details in respect of percentage of revenues generated from top customer and top 5 customers

	For the year ended 31, March 2023	For the year ended 31, March 2022
Revenue from top customer	13%	17%
Revenue from top 5 customers	47%	59%

The Company's credit period generally ranges from 0-15 days

The movement of the expected loss provision made by the Company is as under:

	As at 31, March 2023	As at 31, March 2022
Opening Balance	(0.00)	(18.36)
Add: Provisions made (Net)	–	–
Less: Utilisation	–	18.36
Closing Balance	(0)	(0.00)

D. Fair value measurement

The Company does not have any Non-current Financial Assets and Non-current Financial Liabilities. Fair value of Current Financial Assets and Current Financial Liabilities is equivalent to their carrying values.

25. Ratios

Ratio	Numerator	Denominator	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022	Variance	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	22.05	21.52	2%	
Return on Equity Ratio	PAT	Average Shareholder's Equity	*	*		
Trade Payable turnover Ratio	Sales	Average Trade Payable	7.90	2.29	245%	Due to increase in revenue.
Net Capital turnover Ratio	Sales	Working Capital	0.36	0.10	259%	Due to increase in revenue.
Net Profit Ratio	PAT	Sales	*	*		
Return on Capital Employed	PBIT	Average Capital Employed	*	*		

* Ratio not disclosed as the same is negative

Note:Debt Service Coverage Ratio, Inventory turnover Ratio, Debt Equity Ratio, Return on Investment and Trade Receivable Ratio are not applicable to the Company.

26. The financial statements were approved for issue by the Board of Directors on May 2, 2023.

On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: 4th May, 2023

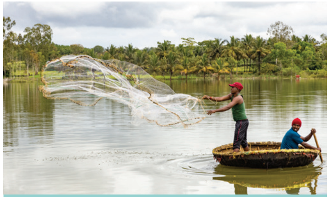
NOTES

NOTES

ITC: Transforming Lives and Landscapes

Enduring Value

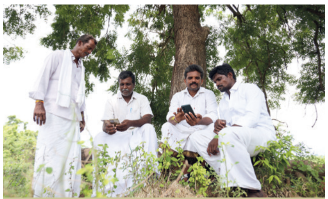

Farmer Empowerment
- Increasing productivity & farmer income, promoting climate smart agriculture, creating market linkages
- ITCMAARS bringing digital technology to farmers, supporting 1150 FPOs; covering more than 5 lakh farmers



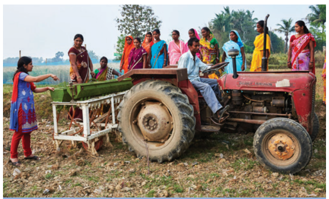
Water Stewardship
- Over 14 lakh acres covered
- Over 28,300 water harvesting structures built
- Around 11.8 lakh acres covered under demand side management

Afforestation
- Over 10 lakh acres greened
- About 190 million person-days of employment supported

Biodiversity
- Over 2.9 lakh acres restored



Climate Smart Agriculture
- 7,40,000 farmers benefitted
- 23.4 lakh acres covered



Women Empowerment
- Over 1.2 lakh women benefitted

Mother & Child Healthcare
- Over 5.6 lakh beneficiaries covered

Supplementary Education
- Over 11 lakh rural children covered

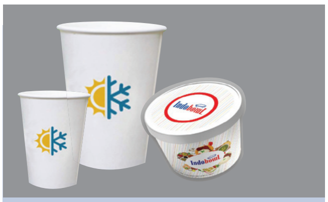
Skilling and Vocational Training
- Over 1.2 lakh youth enrolled

Health & Sanitation
- Over 39,600 Individual Household Toilets constructed

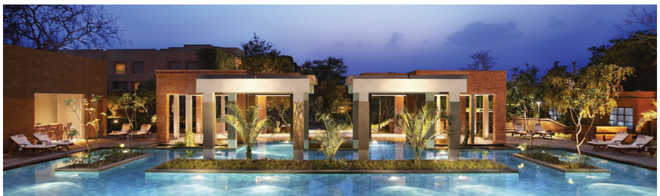
Livestock Development
- Over 21 lakh milch animals covered
- Over 4.68 lakh households covered

Solid Waste Management
- Over 2.2 crore citizens covered under Well-being Out of Waste

Renewable Energy
- Over 43% of Energy consumed from Renewable Sources



Plastic Neutral
- Plastic Neutral since 2021-22



Pioneer of Green Building Movement in India
- 40 Green Buildings
- World's first 12 LEED Zero Carbon certified hotels
- World's first LEED Zero Carbon data centre
- World's first 2 LEED Zero Water certified hotels

ITC is the only enterprise in the world to be water positive for 21 years, carbon positive for 18 years and solid waste recycling positive for 16 years

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