Enduring Value

ITC Limited

REPORT AND ACCOUNTS

OF

SUBSIDIARY COMPANIES

2022

SUBSIDIARY COMPANIES

Russell Credit Limited	2
Greenacre Holdings Limited	47
ITC Infotech India Limited	71
ITC Infotech Limited	105
ITC Infotech (USA), Inc.	122
Indivate Inc.	129
Srinivasa Resorts Limited	133
Fortune Park Hotels Limited	154
Bay Islands Hotels Limited	181
WelcomHotels Lanka Pvt. Ltd.	196
Landbase India Limited	204
Technico Agri Sciences Limited	232
Technico Pty Limited	267
Technico Technologies Inc.	276
Technico Asia Holdings Pty Limited	280
Technico Horticultural (Kunming) Company Limited	285
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Prag Agro Farm Limited	435
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REPORT OF THE BOARD OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

1. Your Directors submit their Report for the financial year ended 31st March, 2022.

2. **ECONOMIC ENVIRONMENT**

   The year under review witnessed heightened uncertainty and disruptions to economic activity due to the COVID-19 pandemic. The second wave of the pandemic had a severe socio-economic impact in the country; this was followed by a sharp drop in its intensity which aided progressive recovery in economic activity. Even as economic prospects were beginning to look up, the country was hit hard by the third wave which halted the recovery momentum. Geopolitical tensions towards the end of the year led to a fresh round of uncertainty in the business environment just as the intensity of the third wave had abated in the country.

   The Indian economy, which witnessed contraction in 2020-21, rebounded in 2021-22 posting Real GDP growth of 8.9%; the rate of recovery, however, varied across sectors. Unprecedented rise in commodity and crude oil prices led to persistently sticky and elevated inflation during the year. This led to resetting of inflation expectations and the interest rate trajectory going forward. The Current Account balance of the country, which recorded a surplus of 0.9% of GDP in 2020-21, moved into deficit of around 1.6% of GDP while Fiscal Deficit for the year stood at 6.9% of GDP.

   Market interest rates witnessed an increasing trend during the second half of the year, as the Reserve Bank of India started the process of Monetary Policy normalisation by way of gradual withdrawal of liquidity infused into the Banking system during the pandemic.

3. **FINANCIAL PERFORMANCE**

   Revenue from operations during the year was ₹ 3,998.32 lakhs (previous year: ₹ 6,138.81 lakhs) in line with lower yields in the market, which reflected the accommodative interest rate regime that prevailed during the year. Net Profit for the year was ₹ 3,346.38 lakhs (previous year: ₹ 4,946.97 lakhs) and Total Comprehensive Income stood at ₹ 12,079.29 lakhs (previous year: ₹ 8,638.25 lakhs) indicating recovery in market value of certain long-term strategic investments over the previous year which were severely impacted due to the pandemic. The Company continues to monitor its investments closely in the face of volatile market conditions and explore opportunities to make strategic investments for the ITC Group. Temporary surplus liquidity of the Company is mainly deployed in bonds, debt mutual funds, bank fixed deposits, etc.

   The financial results of your Company, summarised, are as under:

		For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
Profits			
a.	Profit Before Tax	**3,686.05**	5,840.59
b.	Less : Tax Expense	**339.67**	893.62
c.	Profit After Tax	**3,346.38**	4,946.97
d.	Add : Other Comprehensive Income	**8,732.91**	3,691.28
e.	Total Comprehensive Income	**12,079.29**	8,638.25
Retained Earnings			
a.	At the beginning of the year	**5,825.50**	3,160.47
b.	Add : Profit for the year	**3,346.38**	4,946.97
c.	Add : Other Comprehensive Income	**0.55**	0.41
d.	Less : Transfer from Retained Earnings to Special Reserve	**669.28**	989.39
e.	Less : Interim Dividend paid	**1,228.31**	1,292.96
f.	At the end of the year	**7,274.85**	5,825.50

4. **DIVIDEND**

   The Directors of your Company are pleased to recommend a Final Dividend at the rate of ₹ 0.06 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, 2022. Together with the Interim Dividend of ₹ 0.19 per Equity Share (paid in proportion to the amount paid-up on each Equity Share), declared by the Board of Directors of the Company ('the Board') on 8th March, 2022, the total Dividend for the financial year ended 31st March, 2022, amounts to ₹ 0.25 per share (previous year ₹ 0.20 per share). Total cash outflow on account of Dividend (including Interim Dividend of ₹ 12.28 crores paid in March 2022) will be ₹ 16.16 crores.

5. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

   (a) Changes in Directors during the year

   Mr. Saradindu Dutta (DIN: 00058639), consequent to his retirement from the services of ITC Limited, the Holding Company, stepped down as a Non-Executive Director of your Company with effect from 19th February, 2022. Your Directors place on record their appreciation for the contribution made by Mr. Dutta during his tenure.

   The Board at its Meeting held on 22nd January, 2022, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Trasi Sadashiva Madhava Shenoy (DIN: 09476476) as an Additional Director of the Company with effect from the said date. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 130 of the Articles of Association of the Company, Mr. Shenoy will vacate office at the ensuing Annual General Meeting ('AGM') and is eligible for appointment as a Director of the Company.

   Your Board at its meeting held on 29th April, 2022, on the recommendation of the Nomination and Remuneration Committee, recommended for the approval of the Members, the appointment of Mr. Shenoy 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 appointment of Mr. Shenoy, 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) Changes in Key Managerial Personnel during the year

   The Board, on the recommendation of the Nomination and Remuneration Committee, re-appointed Ms. Nidhi Bajaj as the Manager of the Company for a period of two years with effect from 1st October, 2021; the same was approved by the Members of the Company at the Extraordinary General Meeting held on 13th December, 2021. Ms. Bajaj continues to be the Company Secretary of the Company.

   Mr. S. Suresh Kumar, Chief Financial Officer of the Company, who was on deputation from ITC Limited, reverted to that company with effect from 1st January, 2022. The Board, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Aditya Marodia as the Chief Financial Officer of the Company with effect from 1st January, 2022, in terms of the provisions of Section 203 of the Act.

   (c) Attributes, qualifications and appointment of Directors

   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 are executives of ITC Limited and fulfil the fit and proper criteria for appointment as Directors. Further, all the Directors 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. Supratim Dutta (DIN: 01804345), 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.

   (d) 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 after discussions with the Committee members.

   (e) Remuneration Policy

   The Remuneration Policy of the Company for the Directors, Key Managerial Personnel and other employees, as approved by the Board, is enclosed as **Annexure 1** to this Report.

6. **BOARD AND BOARD COMMITTEES**

   Seven meetings of the Board were held during the year ended 31st March, 2022.

   The five Board Committees of the Company and their present composition are as follows:

Audit Committee	Nomination and Remuneration Committee
Mr. R. Tandon (Chairman)	Mr. R. K. Singhi (Chairman)
Mr. T.S.M. Shenoy	Mr. Supratim Dutta
Mr. R. K. Singhi	Mr. R. Tandon

CSR Committee	Asset Liability Management Committee
Mr. R. Tandon (Chairman)	Mr. R. Tandon (Chairman)
Mr. T.S.M. Shenoy	Mr. Supratim Dutta
Mr. R. K. Singhi	Mr. T.S.M. Shenoy

Risk Management Committee

Mr. R. Tandon (Chairman)
Ms. P. Balaji
Mr. T.S.M. Shenoy

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 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. **NBFC 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 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 2021-22 (₹ in lakhs)	FY 2020-21 (₹ in lakhs)	**FY 2021-22 (₹ in lakhs)**	FY 2020-21 (₹ in lakhs)
Subsidiary company				
Greenacre Holdings Limited	**808.62**	564.72	**178.61**	371.10
Associate companies				
International Travel House Limited	**9,651.10**	6,215.66	**(1,069.65)**	(4,506.50)
Divya Management Limited	**40.18**	51.94	**27.98**	16.52
Antrang Finance Limited	**21.76**	28.27	**4.85**	10.16
Russell Investments Limited	**282.60**	349.68	**338.43**	226.51
Maharaja Heritage Resorts Limited	**470.08**	229.77	**28.34**	(68.37)

10. **HUMAN RESOURCES**

Human Resource Development (HRD) practices in your Company are aligned with those of ITC Limited and are guided by the principles of relevance, consistency and fairness. In addition to the Key Managerial Personnel, the Company had 7 (seven) employees as on 31st March, 2022.

During the year under review, the Company had in place appropriate systems and processes for ensuring seamless 'Work from Home' for its employees, which aided the Company's ability to ensure smooth conduct of the business.

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 the Company in terms of remuneration drawn, as required under the said Rule, are provided in **Annexure 2** 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 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. **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 vest 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 businesses.

12. **INTERNAL CONTROL SYSTEMS**

Your Company has in place adequate internal control systems with respect to 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, 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.

13. **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.

14. **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.

15. **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.

During the year, the related party transactions ('RPTs') entered into by the 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 under **Annexure 5** to this Report.

16. **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.

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. Maheshwari & Associates, Chartered Accountants, were appointed as the Auditors of your Company with effect from 8th December, 2021 to fill the casual vacancy caused by the resignation of Messrs. S R B C & CO LLP, to hold office till the conclusion of the ensuing AGM and to conduct the statutory audit for the period ended 31st March, 2022. The same was approved by the Members of the Company at the Extraordinary General Meeting held on 13th December, 2021. On the recommendation of the Audit Committee and pursuant to Section 139 of the Act, your Board has recommended for the approval of the Members, the appointment of Messrs. Maheshwari & Associates as the Statutory Auditors of the Company for a period of five years i.e. from the conclusion of the ensuing AGM till the conclusion of the Thirty-third AGM. Pursuant to Section 142 of the Act, the Board, on the recommendation of the Audit Committee, has also recommended for the approval of the Members, remuneration of Messrs. Maheshwari & Associates for the financial year 2022-23. 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, 2022. The Report of Messrs. S. M. Gupta & Co., in terms of Section 204 of the Act, is enclosed as **Annexure 6** to this 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 of the Act.

20. **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

R. TANDON *Chairman*

Dated : 29th April, 2022 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, 2022

Remuneration Policy

(Aligned to the Remuneration Policy of ITC Limited, the Holding Company)

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, is aligned with and reinforces the employee value proposition of a superior quality of work life, that includes 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 market-led and takes into account the competitive context of the Company's business.
3. To leverage Remuneration as an effective instrument to enhance performance and therefore to link the remuneration to both individual and collective performance outcomes.
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.

Remuneration of Key Managerial Personnel (KMP)

1. Remuneration of KMP is determined and recommended by the Nomination and Remuneration Committee and approved by the Board. Remuneration of the Managing Director / Wholetime Director / Manager is also subject to the approval of the shareholders.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market.
3. Apart from fixed elements of remuneration and benefits, the KMP are also eligible for Variable Pay / Performance Bonus which is linked to their individual performance.
4. Remuneration of KMP on deputation from the Holding Company / subsidiary / fellow subsidiary / associate companies, is aligned to the Remuneration Policy of that company.

Remuneration of Independent Directors

Independent Directors are entitled to sitting fees for attending meetings of the Board and Board Committees, the quantum of which is determined by the Board within the limits prescribed under the Companies Act, 2013 and the Rules thereunder. Independent Directors are also entitled to reimbursement of expenses for attending meetings of the Board and Board Committees and General Meetings.

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, when such a 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 track record of the individual employee.
3. Variable Pay is based on the performance rating of the individual employee.

Annexure 2 to the Report of the Board of Directors & Management Discussion and Analysis for the financial year ended 31st March, 2022

[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
S. Suresh Kumar[1]	46	Chief Financial Officer	1,21,53,852/-	59,01,407/-	B. Com. (Hons.), A.C.A., C.M.A.	22	01.01.2015	Manager (Domestic Treasury) - ITC Limited
N. Bajaj[2]	38	Manager & Company Secretary	98,65,028/-	62,85,329/-	B. Com. (Hons.), A.C.S., M.B.L.	14	01.10.2019	Deputy Secretary - ITC Limited
A. Marodia[2]	39	Chief Financial Officer	21,84,798/-	9,13,351/-	B. Com. (Hons.), A.C.S.	17	01.01.2022	Manager (Domestic Treasury) - ITC Limited
T. Sarkar[3]	58	Manager	19,18,735/-	14,76,664/-	B. Com.	32	01.04.2015	Accounts Supervisor - Russell Investments Limited
S. Mondal[4]	53	Assistant Manager	12,21,029/-	9,90,669/-	B. Com. (Hons.)	27	01.04.2015	Accounts Supervisor - Divya Management Limited
S. Bose	56	Office Associate	10,48,189/-	8,08,008/-	B.Sc., Post Graduate Diploma in Computers	26	01.02.1999	Secretarial Assistant - Sage Investments Limited
U. Choudhury	29	Assistant Manager	8,89,671/-	7,60,709/-	B.Com. (Hons.), C.M.A.	5	01.03.2021	Finance Executive - Hindustan Unilever Limited
A. Kumar	40	Accounts Supervisor	8,81,174/-	7,39,216/-	B.A. (Hons.), M.B.A. (Finance)	16	01.08.2015	Information Analyst - Centre for Monitoring Indian Economy Private Limited
D. K. Das	50	Accounts Supervisor	7,64,078/-	6,85,218/-	B. Com.	25	01.04.2015	Junior Assistant - Russell Investments Limited
J. Venkat Rao	45	Accounts Supervisor	6,93,289/-	6,06,436/-	B. Com.	16	01.04.2015	Junior Assistant - Divya Management Limited

1. *Resigned as Chief Financial Officer of the Company w.e.f. 31st December, 2021.*
2. *On deputation from ITC Limited, the Holding Company (ITC).*
3. *Retired w.e.f. 30th January, 2022.*
4. *Ceased to be employee w.e.f. 1st March, 2022.*

Notes:

a. Gross remuneration includes salary, performance bonus/ variable pay, allowances, contribution to provident fund and other benefits / applicable perquisites borne by the Company, except the 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. 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 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 grants have 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 / Manager of the Company nor hold any equity share in the Company in their individual capacity.

On behalf of the Board

R. TANDON — *Chairman*
T.S.M. SHENOY — *Director*

Dated : 29th April, 2022

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, 2022

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 will undertake 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:**

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. R. Tandon (Chairman of the Committee)	Chairman & Non-Executive Director	4	4
2.	Mr. Saradindu Dutta#	Non-Executive Director		3
3.	Mr. T.S.M. Shenoy*	Additional Non- Executive Director		1
4.	Mr. R. K. Singhi	Non-Executive Director		4

Ceased to be Member w.e.f. 19.02.2022.

* Appointed Member w.e.f. 22.01.2022.

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 since the Company does not have a website.**
4. The details 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 (attach the report): **Not Applicable**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
Not Applicable			

6. Average net profits of the Company as per Section 135(5): ₹ **4360.00 lakhs**
7.

(a)	Two percent of average net profits of the Company as per Section 135(5)	**₹ 87.20 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 (7a+7b-7c)	**₹ 87.20 lakhs**

8. (a) 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
₹ 88 lakhs	Not Applicable				

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration No.
Not Applicable												

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.
1.	Contribution to ITC Rural Development Trust towards implementation of a project on rural development by promoting improved agricultural practices and water resource management in drought hit areas of Bhadradri Kothagudem district of Telangana	Schedule VII, clause (x) [rural development projects]	No	Telangana	Bhadradri Kothagudem	88 lakhs	No	ITC Rural Development Trust	CSR 00002776
	Total					**88 lakhs**			

(d) Amount spent in Administrative Overheads: **Nil**

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ **88 lakhs**

(g) Excess amount for set off, if any: **Not Applicable**

Sl. No.	Particulars	Amount (in ₹)
(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)]	

9. (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 ₹)	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	
Not Applicable							

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial year in which the Project was commenced	Project duration	Total amount allocated for the Project (in ₹)	Amount spent on the Project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the Project – Completed / Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

(i)	Date of creation or acquisition of the capital asset(s)	**Not Applicable**
(ii)	Amount of CSR spent for creation or acquisition of capital asset	
(iii)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	
(iv)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5): **Not Applicable**

On behalf of the Board

R. TANDON — *Chairman – CSR Committee*

T.S.M. SHENOY — *Director*

Dated : 29th April, 2022

Annexure 4 to the Report of the Board of Directors & Management Discussion and Analysis for the financial year ended 31st March, 2022

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, 2022

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 Infotech India Limited (I3L), fellow subsidiary
b)	Nature of the contracts / arrangements / transactions	Unsecured inter-corporate loan of ₹ 10,000 lakhs to I3L
c)	Duration of the contracts / arrangements / transactions	For a period of one year from 17th December, 2021 up to 16th December, 2022.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	• Interest payable on quarterly basis @ 7.75% per annum • Loan disbursed during the year and outstanding as on 31st March, 2022: Nil
e)	Date(s) of approval by the Board, if any	8th December, 2021
f)	Amount paid as advances, if any	Nil

On behalf of the Board

R. TANDON *Chairman*

Dated : 29th April, 2022

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 – 31.03.2022

[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,
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, 2022. 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 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 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, including information received by electronic mode, 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, 2022, 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, 2022 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, 2022 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 RBI Regulations as applicable to Systemically Important Non-Deposit taking 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 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 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. 87.20 Lakhs and the amount actually spent during the year under report was Rs. 88 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.

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 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: 29.04.2022
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: 718/2020
UDIN: F000896D000236912

'Annexure A'

(To the Secretarial Audit Report of Russell Credit Limited for the Financial Year ended 31/03/2022)

To
The Members
RUSSELL CREDIT LIMITED
Virginia House
37, J. L. Nehru Road
Kolkata - 700 071

Our Secretarial Audit Report for the Financial Year ended 31/03/2022 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 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 with the provisions of corporate and other applicable laws, rules and regulations, 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: 29.04.2022

(S. M. Gupta)
Proprietor
S. M. GUPTA & CO.
Company Secretaries
Firm Registration No.: S1993WB816800
Membership No: FCS – 896
CP No.: 2053
Peer Review No: 718/2020
UDIN: F000896D000236912

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, 2022, 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, 2022, 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.

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, 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 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 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 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 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.

Other Matter

The financial statements of the Company for the year ended March 31, 2021, were audited by the predecessor auditors who had issued their auditor's report dated May 06, 2021, expressing an unmodified opinion on those statements.

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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 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.

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
Kolkata, 29th April, 2022
UDIN: 22055788AIDZWB7625

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, 2022]

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, 2022 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 during the year are not prejudicial to the Company's interest. The Company has not provided guarantees or security and has not granted loans and 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 and the repayments of principal and receipts of interest are regular.

(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, 2022 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, 2022, 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) The Group does not have more than one CIC, 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 financial year covered by our audit and in the immediately preceding financial year.

xviii. There has been a resignation of the statutory auditors during the year and there were no issues, objections or concerns raised by the outgoing auditors.

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, 29th April, 2022 UDIN: 22055788AIDZWB7625

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, 2022]

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, 2022 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 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 (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, 2022, 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 issued by the ICAI.

For Maheshwari & Associates
Chartered Accountants
Firm Registration No. 311008E
Bijay Murmuria
Partner
Membership No. 055788

Kolkata, 29th April, 2022 UDIN: 22055788AIDZWB7625

BALANCE SHEET AS AT 31ST MARCH, 2022

	Note		As at 31st March, 2022 (₹ in lakhs)		As at 31st March, 2021 (₹ in lakhs)
ASSETS					
1. Financial Assets					
a) Cash and cash equivalents	3	19.44		28.85	
b) Bank Balance other than (a) above	4	5.78		10,204.49	
c) Receivables	5				
(I) Trade Receivables		16.50		27.68	
(II) Other Receivables		1,332.99		1,357.13	
d) Loans	6	–		1,220.00	
e) Investments	7	96,725.03		74,518.67	
f) Other financial assets	8	0.06	98,099.80	71.31	87,428.13
2. Non-financial Assets					
a) Current tax assets (Net)	9	100.77		141.76	
b) Property, Plant and Equipment	10	94.86		96.76	
c) Other non-financial assets	11	2.24	197.87	8.04	246.56
TOTAL ASSETS			**98,297.67**		**87,674.69**
LIABILITIES AND EQUITY					
LIABILITIES					
1. Financial Liabilities					
a) Other financial liabilities	12		65.63		66.81
2. Non-Financial Liabilities					
a) Provisions	13	158.51		216.05	
b) Deferred tax liabilities (Net)	14	467.27		667.41	
c) Other non-financial liabilities	15	154.00	779.78	123.14	1,006.60
EQUITY					
a) Equity Share Capital	16	64,647.88		64,647.88	
b) Other Equity		32,804.38	97,452.26	21,953.40	86,601.28
TOTAL LIABILITIES AND EQUITY			**98,297.67**		**87,674.69**

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, 29th April, 2022

R. TANDON *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, 2022

		Note	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
	Revenue from operations			
	(i) Interest Income	17 (A)	2,621.33	2,721.14
	(ii) Rental Income		60.84	60.84
	(iii) Fees and commission Income		1,134.04	1,320.15
	(iv) Net gain on fair value changes	17 (B)	182.11	2,036.68
I	**Total Revenue from operations**		**3,998.32**	**6,138.81**
II	Other Income	17 (C)	157.60	297.85
III	**Total Income (I+II)**		**4,155.92**	**6,436.66**
	Expenses			
	(i) Finance Costs	18	2.10	69.27
	(ii) Employee Benefits Expenses	19	309.33	262.44
	(iii) Depreciation and amortization expenses		1.90	1.90
	(iv) Other expenses	20	156.54	262.46
IV	**Total Expenses (IV)**		**469.87**	**596.07**
V	**Profit before tax (III-IV)**		**3,686.05**	**5,840.59**
VI	**Tax Expense:**			
	Current Tax	21	540.00	593.72
	Deferred Tax	21	(200.33)	299.90
VII	**Profit for the year (V-VI)**		**3,346.38**	**4,946.97**
VIII	**Other Comprehensive Income**			
	i) Items that will not be reclassified to profit or loss:			
	- Remeasurements of defined benefit plans	22(iv)	0.74	0.54
	- Equity instruments through other comprehensive income		8,732.36	3,690.87
	ii) Income tax relating to items that will not be reclassified to profit or loss	21	(0.19)	(0.13)
	Other Comprehensive Income [(i)+(ii)]		**8,732.91**	**3,691.28**
IX	**Total Comprehensive Income for the year (VII+VIII)**		**12,079.29**	**8,638.25**
	Earnings per equity share (Face Value ₹ 10.00 each)	**22(i)**		
	- Basic and Diluted (in ₹)		0.52	0.77

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, 29th April, 2022

R. TANDON *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, 2022

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, 2022	**64,647.88**	–	**64,647.88**
For the year ended 31st March, 2021	64,647.88	–	64,647.88

B. Other Equity

(₹ in lakhs)

FY 2021-22	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Special Reserve under Section 45-IC of the RBI Act, 1934	Capital Reserve	General Reserve	Retained Earnings		
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	–	–	–	(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**

FY 2020-21	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Special Reserve under Section 45-IC of the RBI Act, 1934	Capital Reserve	General Reserve	Retained Earnings		
Balance as at 1st April, 2020	**14,361.09**	**287.67**	**235.95**	**3,160.47**	**(3,437.07)**	**14,608.11**
Profit for the year	–	–	–	4,946.97	–	4,946.97
Other Comprehensive Income for the year (net of tax)	–	–	–	0.41	3,690.87	3,691.28
Total Comprehensive Income for the year	–	–	–	**4,947.38**	**3,690.87**	**8,638.25**
Transfer from Retained Earnings to Special Reserve	989.39	–	–	(989.39)	–	–
Interim Dividend paid	–	–	–	(1,292.96)	–	(1,292.96)
Balance as at 31st March, 2021	**15,350.48**	**287.67**	**235.95**	**5,825.50**	**253.80**	**21,953.40**

The Board of Directors of the Company have recommended Final Dividend of ₹ 0.06 per share for the financial year ended 31st March, 2022 to be paid on paid-up value of Equity Shares amounting to ₹ 387.89 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. Including the Interim Dividend of ₹ 0.19 per share declared by the Board of Directors, the total Equity Dividend for the year ended 31st March, 2022 is ₹ 0.25 per share (total Equity Dividend for the year ended 31st March, 2021 : ₹ 0.20 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.

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

R. TANDON *Chairman* T. S. M. SHENOY *Director*

Membership No. 055788

A. MARODIA *Chief Financial Officer* N. BAJAJ *Manager & Company Secretary*

Kolkata, 29th April, 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

		For the year ended 31st March, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ in lakhs)
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		3,686.05		5,840.59
ADJUSTMENTS FOR :				
Depreciation and amortization expenses	1.90		1.90	
Finance Costs	2.10		69.27	
Interest on deposits with Banks	(147.95)		(286.40)	
Impairment loss allowance on trade receivables	9.68		–	
(Gain) / loss on disposal of Property, Plant and Equipment	–		(3.71)	
Net Loss / (Gain) arising on investments mandatorily measured at fair value through profit and loss	(131.31)	(265.58)	(1,912.00)	(2,130.94)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**3,420.47**		**3,709.65**
ADJUSTMENTS FOR :				
(Increase)/Decrease in Trade and Other Receivables	25.64		391.33	
(Increase)/Decrease in Investments	(13,342.68)		(5,131.04)	
(Increase)/Decrease in Other Financial Assets	–		12,500.00	
(Increase)/Decrease in Other Non-Financial Assets	5.80		0.09	
(Increase)/Decrease in Loans and Advances	1,220.00		247.54	
Increase/(Decrease) in Other Financial Liabilities and Provisions	(29.23)	(12,120.47)	131.52	8,139.44
CASH GENERATED FROM / (USED IN) OPERATIONS		**(8,700.00)**		**11,849.09**
Income-tax paid		(499.01)		(614.55)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES		**(9,199.01)**		**11,234.54**
B. Cash Flow from Investing Activities				
Sale of Property, Plant and Equipment	–		39.75	
Interest on deposits with Banks	219.20		215.16	
Investment in bank deposits (original maturity more than 3 months)	–		(10,198.71)	
Redemption / maturity of bank deposits (original maturity more than 3 months)	10,198.71		–	
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES		**10,417.91**		**(9,943.80)**
C. Cash Flow from Financing Activities				
Interim Dividend paid	(1,228.31)		(1,292.96)	
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES		**(1,228.31)**		**(1,292.96)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(9.41)**		**(2.22)**
OPENING CASH AND CASH EQUIVALENTS		**28.85**		**31.07**
CLOSING CASH AND CASH EQUIVALENTS (Note 3)		**19.44**		**28.85**

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, 29th April, 2022

R. TANDON *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 date and 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. 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 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 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 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.

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 fair value of the consideration received or receivable for services rendered, net of allowances to customers, if any. Revenue from 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 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.

5. **Estimation of uncertainties relating to the global pandemic COVID-19:**

The Company has considered the possible effects that may arise out of the COVID-19 pandemic on the carrying amounts of trade receivables, investments 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
3. Cash and cash equivalents@		
Cash on hand	0.05	0.04
Balances with banks		
Current accounts	19.39	28.81
TOTAL	**19.44**	**28.85**

@ 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.

4. Bank Balance other than Cash and cash equivalents		
Other bank balances		
In Deposit accounts *	5.78	10,204.49
TOTAL	**5.78**	**10.204.49**

* Represents deposits with original maturity of more than 3 months and remaining maturity of less than 12 months from the Balance Sheet date. Includes earmarked balances of ₹ 5.78 lakhs (2021: ₹ 5.78 lakhs)

5. Receivables		
I. Trade Receivables		
Unsecured, considered good	16.50	27.68
Credit impaired	9.68	–
Less: Impairment loss allowance	(9.68)	–
Sub-Total (A)	**16.50**	**27.68**
II. Other Receivables (Unsecured, considered good)		
Income accrued but not due		
Interest Income#	1,300.99	1,334.13
Fees and commissions income	32.00	23.00
Sub-Total (B)	**1,332.99**	**1,357.13**
TOTAL (A+B)	**1,349.49**	**1,384.81**

\# Includes an amount of ₹ 807.41 lakhs (2021: ₹ 840.55 lakhs) on instruments which are measured at fair value through profit or loss.

Trade Receivables ageing schedule (₹ 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**

(₹ in lakhs)

2020-21	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	18.00	–	–	–	–	9.68	27.68
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	**18.00**	–	–	–	–	**9.68**	**27.68**
Less: Impairment loss allowance	–	–	–	–	–	–	–
Total	**18.00**	–	–	–	–	**9.68**	**27.68**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
	Amortised cost	Amortised cost
6. Loans		
Secured by tangible assets		
Current:		
(a) Term Loan to Related Party	–	1,220.00
Total - Gross	–	**1,220.00**
Less: Impairment loss allowance	–	–
Total - Net	–	**1,220.00**
(I) Loans in India		
(i) Public Sector	–	–
(ii) Others (Term Loan to Related Party & others)	–	1,220.00
Total - Gross	–	**1,220.00**
Less: Impairment loss allowance	–	–
Total - Net	–	**1,220.00**

(₹ in lakhs)

	As at 31st March, 2022						As at 31st March, 2021					
	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 4,114 (2021 : Nil) units of ₹ 1000.00 each	-	-	96.67	96.67	-	96.67	-	-	-	-	-	-
Aditya Birla Sun Life Liquid Fund 6,001 (2021 : Nil) 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	-	-	6,875.37	6,875.37	-	6,875.37	-	-	6,590.11	6,590.11	-	6,590.11
DSP Liquidity Fund 5,773 (2021 : 11,477) units of ₹ 1000.00 each	-	-	174.22	174.22	-	174.22	-	-	335.08	335.08	-	335.08
ICICI Prudential Savings Fund 2,15,192 units of ₹ 100.00 each	-	-	941.92	941.92	-	941.92	-	-	903.14	903.14	-	903.14
SBI Savings Fund 31,88,615 units of ₹ 10.00 each	-	-	1,133.92	1,133.92	-	1,133.92	-	-	1,090.37	1,090.37	-	1,090.37
Kotak Savings Fund 2,50,11,498 units of ₹ 10.00 each	-	-	9,011.69	9,011.69	-	9,011.69	-	-	8,674.69	8,674.69	-	8,674.69
Nippon India Liquid Fund 1,177 (2021 : 3,250) units of ₹ 1000.00 each	-	-	60.77	60.77	-	60.77	-	-	162.42	162.42	-	162.42
UTI Liquid Cash Plan 55,932 (2021 : 6,595) units of ₹ 1000.00 each	-	-	1,939.02	1,939.02	-	1,939.02	-	-	221.13	221.13	-	221.13
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	-	-	3,520.35	3,520.35	-	3,520.35	-	-	3,548.33	3,548.33	-	3,548.33
B. Tax Free												
India Infrastructure Finance Company Limited 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	-	-	1,568.44	1,568.44	-	1,568.44
Indian Railway Finance Corporation Limited												
15,00,000, 7.18% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures Series 86 (19 February 2023) of ₹ 1000.00 each, fully paid	-	-	15,273.59	15,273.59	-	15,273.59	-	-	15,710.96	15,710.96	-	15,710.96
Nil (2021: 90,000) 8.00% (For Categories I & II) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds Series 80 (23 February 2022) of ₹ 1000.00 each, fully paid	-	-	-	-	-	-	-	-	931.07	931.07	-	931.07
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	-	-	1,246.54	1,246.54	-	1,246.54	-	-	1,302.08	1,302.08	-	1,302.08
National Housing Bank 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	-	-	520.96	520.96	-	520.96
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	-	-	680.85	680.85	-	680.85	-	-	708.40	708.40	-	708.40
Carried over	-	-	**43,008.22**	**43,008.22**	-	**43,008.22**	-	-	**42,267.18**	**42,267.18**	-	**42,267.18**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	As at 31st March, 2022						As at 31st March, 2021					
	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	-	-	43,008.22	43,008.22	-	43,008.22	-	-	42,267.18	42,267.18	-	42,267.18
Equity Shares												
Others - Quoted												
UltraTech Cement Limited 3 Equity Shares of ₹ 10.00 each, fully paid	-	-	0.20	0.20	-	0.20	-	-	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												
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	8,747.82	-	-	-	-	8,747.82
LIC Housing Finance Limited 1,250 (2021 : Nil) Zero Coupon Secured Redeemable Non-Convertible Debentures, Tranche 416 (25 April 2025) of ₹ 1000000.00 each, fully paid	12,845.64	-	-	-	-	12,845.64	-	-	-	-	-	-
Equity Shares												
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	21,480.77	-	43,008.42	43,008.42	7,982.13	72,471.32	8,747.82	-	42,267.38	42,267.38	7,982.13	58,997.33

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	As at 31st March, 2022						As at 31st March, 2021					
	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	**21,480.77**	-	**43,008.42**	**43,008.42**	**7,982.13**	**72,471.32**	**8,747.82**	-	**42,267.38**	**42,267.38**	**7,982.13**	**58,997.33**
Others - Quoted												
HLV Limited 50,27,565 Equity Shares of ₹ 2.00 each, fully paid	-	460.02	-	460.02	-	460.02	-	289.08	-	289.08	-	289.08
EIH Limited 1,52,32,129 Equity Shares of ₹ 2.00 each, fully paid	-	23,556.49	-	23,556.49	-	23,556.49	-	14,158.26	-	14,158.26	-	14,158.26
Others - Unquoted												
Lotus Court Limited 2 Class G Shares of ₹ 48000.00 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	-	840.00	-	840.00	-	840.00
Total – Gross (A)	**21,480.77**	**24,253.71**	**43,008.42**	**67,262.13**	**7,982.13**	**96,725.03**	**8,747.82**	**15,521.34**	**42,267.38**	**57,788.72**	**7,982.13**	**74,518.67**
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	21,480.77	24,253.71	43,008.42	67,262.13	7,982.13	96,725.03	8,747.82	15,521.34	42,267.38	57,788.72	7,982.13	74,518.67
Total - Gross (B)	**21,480.77**	**24,253.71**	**43,008.42**	**67,262.13**	**7,982.13**	**96,725.03**	**8,747.82**	**15,521.34**	**42,267.38**	**57,788.72**	**7,982.13**	**74,518.67**
(i) Quoted investments	21,480.77	24,016.51	22,754.41	46,770.92	2,121.58	70,373.27	8,747.82	14,447.34	24,290.44	38,737.78	2,121.58	49,607.19
(ii) Unquoted investments	-	237.20	20,254.01	20,491.21	5,860.55	26,351.76	-	1,074.00	17,976.94	19,050.94	5,860.55	24,911.48
Total - Gross (C)	**21,480.77**	**24,253.71**	**43,008.42**	**67,262.13**	**7,982.13**	**96,725.03**	**8,747.82**	**15,521.34**	**42,267.38**	**57,788.72**	**7,982.13**	**74,518.67**
Less: Allowance for Impairment loss (D)	-	-	-	-	-	-	-	-	-	-	-	-
Total – Net [E = (A) - (D)]	**21,480.77**	**24,253.71**	**43,008.42**	**67,262.13**	**7,982.13**	**96,725.03**	**8,747.82**	**15,521.34**	**42,267.38**	**57,788.72**	**7,982.13**	**74,518.67**

* 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, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
8. Other financial assets		
Current		
Interest accrued on bank deposits	0.06	71.31
TOTAL	**0.06**	**71.31**

9. Current tax assets (Net)		
Income-tax assets (net of provisions)	100.77	141.76
TOTAL	**100.77**	**141.76**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

10. Property, Plant and Equipment

(₹ in lakhs)

Particulars	Gross Block							Depreciation							Net Book Value	
	As at 31st March, 2020	Additions	Withdrawals and adjustments	As at 31st March, 2021	Additions	Withdrawals and adjustments	As at 31st March, 2022	Upto 31st March, 2020	For the year	On Withdrawals and adjustments	Upto 31st March, 2021	For the year	On Withdrawals and adjustments	Upto 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021
Tangible assets																
Building																
– Freehold	101.47	-	-	101.47	-	-	101.47	2.93	1.88	-	4.81	1.88	-	6.69	94.78	96.66
Plant and Equipment	443.76	-	443.60	0.16	-	-	0.16	407.59	0.02	407.55	0.06	0.02	-	0.08	0.08	0.10
TOTAL	**545.23**	**-**	**443.60**	**101.63**	**-**	**-**	**101.63**	**410.52**	**1.90**	**407.55**	**4.87**	**1.90**	**-**	**6.77**	**94.86**	**96.76**

The above includes following assets given on operating leases, which are not non-cancellable :

Particulars	As at 31st March, 2022				As at 31st March, 2021			
	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	4.50	34.75	0.90	39.25	3.60	35.65	0.90
TOTAL	**39.25**	**4.50**	**34.75**	**0.90**	**39.25**	**3.60**	**35.65**	**0.90**

* Note: The lease rental from these leased assets of ₹ 17.28 lakhs (2021: ₹ 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, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
11. Other non-financial assets		
Unsecured, considered good		
Current		
Deposits with statutory authorities	–	0.21
Others (security deposits, prepaid expenses etc.)	0.65	0.71
Non-Current		
Deposits with statutory authorities	1.59	7.12
TOTAL	**2.24**	**8.04**
12. Other financial liabilities		
Current		
Other payables to Related Party [Refer Note 22 {vii (b)}]	39.51	24.99
Other payables - Liabilities for expenses	18.64	22.50
Non-Current		
Other payables to Related Party [Refer Note 22 {vii (b)}]	7.48	19.32
TOTAL	**65.63**	**66.81**
13. Provisions		
Current		
Provision for employee benefits [Refer Note 22 (iv)]		
Other benefits	0.12	3.43
Retirement benefits	–	6.25
Others		
Provision for litigation/disputes [Refer Note 22 (viii)]	117.01	169.49
Non-Current		
Provision for employee benefits [Refer Note 22 (iv)]		
Other benefits	6.48	7.83
Retirement benefits	5.85	–
Others		
Contingent provision against standard assets	29.05	29.05
TOTAL	**158.51**	**216.05**
14. Deferred tax liabilities (Net)		
Deferred tax liabilities	573.89	796.33
Less: Deferred tax assets	106.62	128.92
TOTAL	**467.27**	**667.41**

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 / (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**

2020-21	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.	120.05	(18.43)	–	101.62
On employees separation and retirement etc.	3.30	0.41	(0.13)	3.58
Other timing differences	-	23.72	–	23.72
Total deferred tax assets	**123.35**	**5.70**	**(0.13)**	**128.92**
On current investments - FVTPL	490.73	305.60	–	796.33
Total deferred tax liabilities	**490.73**	**305.60**	–	**796.33**
Deferred tax liabilities / (assets) (Net)	**367.38**	**299.90**	**0.13**	**667.41**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
15. Other non-financial liabilities		
Current		
Statutory liabilities	154.00	123.14
TOTAL	**154.00**	**123.14**

	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹ 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	754,22,400	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, 2022 (No. of Shares)	As at 31st March, 2022 %	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 %
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, 2022

	As at 31st March, 2022 (Aggregate no. of Shares)	As at 31st March, 2021 (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, 2022			As at 31 March, 2021		
		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, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ 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	73.60	–	190.17	–
Interest on deposits with Financial Institution	–	–	311.48	–
Interest income from Investments	806.71	1,741.02	462.19	1,757.30
TOTAL	**880.31**	**1,741.02**	**963.84**	**1,757.30**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
17(B). Net gain / (loss) on fair value changes		
On Financial Instruments measured at fair value through profit or loss	182.11	2,036.68
Total Net gain / (loss) on fair value changes	**182.11**	**2,036.68**
Fair Value changes:		
- Realised (on sale of investments)	50.80	124.68
- Unrealised	131.31	1,912.00
Total Net gain / (loss) on fair value changes	**182.11**	**2,036.68**
17(C). Other Income		
Interest on deposits with Banks	147.95	286.40
Interest Income		
- Others (from statutory authorities)	9.65	11.45
TOTAL	**157.60**	**297.85**

	For the year ended 31st March, 2022 (₹ in Lakhs)		For the year ended 31st March, 2021 (₹ 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	–	69.27
TOTAL	–	**2.10**	–	**69.27**

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
19. Employee Benefits Expenses		
Salaries and Wages	69.50	58.91
Contribution to provident and other funds	4.83	4.39
Share Based Payments to employees on deputation *	3.89	10.90
Staff welfare expenses	7.12	7.27
Remuneration of managers' salary on deputation	223.99	180.97
TOTAL	**309.33**	**262.44**

* Includes reimbursement on account of share based payments as under :
ITC - Employee Stock Option Schemes (ESOS) : ₹ 2.01 lakhs (2021 : ₹ 3.71 lakhs)
ITC - Employee Stock Appreciation Linked Reward (ESAR) Plan: ₹ 1.88 lakhs (2021 : ₹ 7.19 lakhs) [Refer Note 22(ix)]

20. Other expenses		
Rent, taxes and energy costs	21.30	39.15
Communication costs	0.47	0.43
Printing and stationery	0.35	0.21
Auditor's fees and expenses *	6.80	7.17
Legal and Professional charges	23.49	50.03
Insurance	0.76	2.68
Bank, custodial and depository charges	0.16	0.09
Travelling and conveyance	3.73	3.70
Impairment loss allowance on trade receivables	9.68	–
Expenditure on Corporate Social Responsibility (CSR) activities [Refer Note 22 (xii)]	88.00	111.00
(Gain) / loss on disposal of property, plant and equipment	–	(3.71)
Contributions under Section 181 of the Companies Act, 2013	–	50.00
Other expenditure	1.80	1.71
TOTAL	**156.54**	262.46
*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	–	0.37

@ paid to erstwhile Auditors
\# Includes remuneration of ₹ 2.13 lakhs (2021 : ₹ 2.80 lakhs) paid to erstwhile Auditors.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
21. Income Tax Expenses		
A. Amount recognised in profit and loss		
Current Tax		
Income tax for the year	540.00	752.00
Adjustments / (credits) related to previous years - Net	–	(158.28)
Total current Tax	**540.00**	**593.72**
Deferred tax		
Deferred tax for the year	(200.33)	299.90
Total deferred tax	**(200.33)**	**299.90**
TOTAL	**339.67**	**893.62**

B. Amount recognised in other comprehensive income

The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:

	2022	2021
Deferred tax		
On items that will not be reclassified to profit or loss		
- Remeasurement of defined benefit plans	(0.19)	(0.13)
TOTAL	**(0.19)**	**(0.13)**

C. Reconciliation of effective tax rate

The Income tax expense for the year can be reconciled to the accounting profit as follows:

	2022	2021
Profit before tax	**3,686.05**	**5,840.59**
Income tax expense calculated @ 25.168%	927.70	1,469.96
Effect of tax relating to uncertain tax positions	51.31	53.37
Effect of income taxable at different tax rate	(309.35)	(100.16)
Effect of income not taxable	(357.58)	(358.86)
Other differences	27.59	(12.41)
Total	**339.67**	**1,051.90**
Adjustments recognised in the current year in relation to the current tax of prior years	–	(158.28)
Income tax recognised in profit or loss	**339.67**	**893.62**

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 :

		2022	2021
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in lakhs)	3,346.38	4,946.97
(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)]	0.52	0.77

(ii) Contingent liabilities and commitments :

(a) Claims against the Company not acknowledged as debts ₹ 68.96 lakhs (2021 : ₹ 68.96 lakhs). This comprises the following :

- Sales tax claims disputed by the Company relating to issues of applicability ₹ 36.63 lakhs (2021 : ₹ 36.63 lakhs);
- Lease tax on account of non-accrual of lease rental ₹ 32.33 lakhs (2021 : ₹ 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 (2021 : ₹ 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 (2021 : ₹ 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 (2021 : ₹ 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	2022	2021
Within 1 year	24.54	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, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ 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	1.35	0.77	1.38	0.65
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	0.34	0.71	0.31	0.63
	4	**Total expense recognised in the Statement of Profit and Loss**	**1.69**	**1.48**	**1.69**	**1.28**
	– Remeasurements recognised in Other Comprehensive Income (OCI)					
	5	Return on plan assets (excluding amounts included in Net interest cost)	0.19	–	(0.59)	–
	6	Effect of changes in demographic assumptions	–	–	–	–
	7	Effect of changes in financial assumptions	(0.30)	(0.19)	–	–
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–
	9	Effect of experience adjustments	(0.53)	0.09	0.14	(0.09)
	10	**Total remeasurements included in Other Comprehensive Income**	**(0.64)**	**(0.10)**	**(0.45)**	**(0.09)**
	11	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)**	**1.05**	**1.38**	**1.24**	**1.19**
	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, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
II	**Actual Returns**		0.45	–	1.44	–
III	**Net Asset/(Liability) recognised in Balance Sheet**					
	1	Present Value of Defined Benefit Obligation	11.65	6.60	21.25	11.26
	2	Fair Value of Plan Assets	5.80	–	15.00	–
	3	Status [Surplus/(Deficit)]	(5.85)	(6.60)	(6.25)	(11.26)
	4	Restrictions on Asset Recognised	–	–	–	–

			As at 31st March, 2022 (₹ in lakhs)		As at 31st March, 2021 (₹ in lakhs)	
	5	**Net Asset/(Liability) recognised in Balance Sheet**				
			Current	Non-current	Current	Non-current
		- Gratuity	–	(5.85)	(6.25)	–
		- Leave Encashment	(0.12)	(6.48)	(3.43)	(7.83)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ 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	21.25	11.26	18.57	10.07
	2	Current Service Cost	1.35	0.77	1.38	0.65
	3	Past Service Cost	–	–	–	–
	4	Interest Cost	0.98	0.71	1.16	0.63
	5	Remeasurement gains / (losses):				
		a. Effect of changes in demographic assumptions	–	–	–	–
		b. Effect of changes in financial assumptions	(0.30)	(0.19)	–	–
		c. Changes in asset ceiling (excluding interest income)	–	–	–	–
		d. Effect of experience adjustments	(0.53)	0.09	0.14	(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	(11.10)	(6.04)	–	–
	11	**Present Value of DBO at the end of the year**	**11.65**	**6.60**	**21.25**	**11.26**

V		**Best Estimate of Employers' Expected Contribution for the next year**	**As at 31st March, 2022 (₹ in lakhs)**	As at 31st March, 2021 (₹ in lakhs)
		- Gratuity	1.13	7.91
		- Leave Encashment	–	–

			For the year ended 31st March, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ 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	15.00	–	12.20	–
	2	Asset acquired in Business Combination	–	–	–	–
	3	Interest Income	0.64	–	0.85	–
	4	Remeasurement Gains/(Losses) on plan assets	(0.19)	–	0.59	–
	5	Actual Company Contributions	1.45	–	1.36	–
	6	Benefits Paid	(11.10)	–	–	–
	7	**Plan Assets at the end of the year**	**5.80**	–	**15.00**	–

VII	**Actuarial Assumptions**		**As at 31st March, 2022**	As at 31st March, 2021
			Discount Rate (%)	Discount Rate (%)
	1	Gratuity	6.75	6.25
	2	Leave Encashment	6.75	6.25
	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, 2022**	As at 31st March, 2021
	1	Government Securities/Special Deposit with RBI	5.74%	5.89%
	2	High Quality Corporate Bonds	2.73%	2.56%
	3	Insurer Managed Funds*	84.68%	86.71%
	4	Mutual Funds	3.32%	2.91%
	5	Cash and Cash Equivalents	3.53%	1.93%
	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 optimise returns within acceptable risk parameters, the plan assets are well diversified.

			For the year ended 31st March, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ 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	11.65	6.60	21.25	11.26
	2	Fair Value of Plan Assets	5.80	–	15.00	–
	3	Status [Surplus/(Deficit)]	(5.85)	(6.60)	(6.25)	(11.26)
	4	Experience Adjustment of Plan Assets [Gain / (Loss)]	(0.19)	–	0.59	–
	5	Experience Adjustment of obligation [(Gain) / Loss]	(0.53)	0.09	0.14	(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, 2022		DBO as at 31st March, 2021	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Discount Rate + 100 basis points	10.97	6.17	20.13	10.62
2	Discount Rate - 100 basis points	12.42	7.09	22.48	12.00
3	Salary Increase Rate + 1%	12.43	7.10	22.37	11.95
4	Salary Increase Rate – 1%	10.95	6.16	20.20	10.66

Maturity Analysis of the Benefit Payments (₹ in lakhs)

		DBO as at 31st March, 2022		DBO as at 31st March, 2021	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Year 1	0.22	0.13	7.54	3.65
2	Year 2	0.25	0.14	–	–
3	Year 3	7.04	3.51	6.25	3.52
4	Year 4	0.14	0.10	–	–
5	Year 5	0.17	0.11	–	–
6	Next 5 Years	6.16	2.83	9.10	4.73

Amount towards Defined Contribution Plans have been recognised under 'Contribution to provident and other funds' in Note 19: ₹ 3.14 lakhs (2021 : ₹ 2.70 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, 2022. 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)

	2022	2021
Non-current assets (in India)	96.45	103.88

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:

– North East Nutrients Private Limited

– 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
– Mr. Supratim Dutta	Non-Executive Director
– Mr. R. K. Singhi	Non-Executive Director
– Ms. P. Balaji	Non-Executive Director
– Mr. Saradindu Dutta	Non-Executive Director (upto 18.02.2022)
– Mr. T.S.M. Shenoy	Additional Non-Executive Director (w.e.f. 22.01.2022)
– Mr. S. Suresh Kumar	Chief Financial Officer (upto 31.12.2021)
– Mr. A. Marodia	Chief Financial Officer (w.e.f. 01.01.2022)
– 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	
		2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
1.	Rent Received	**60.84**	60.84	–	–	–	–	–	–	–	–	**60.84**	60.84
2.	Purchase of Services – ITC Limited – International Travel House Limited	**1.13** –	1.13 –	– –	– –	– –	– –	– **3.70**	– 3.83	– –	– –	**1.13** **3.70**	1.13 3.83
3.	Rent Paid	**13.38**	13.38	–	–	–	–	–	–	–	–	**13.38**	13.38
4.	Expenses Reimbursed	**4.15**	4.41	–	–	–	–	–	–	–	–	**4.15**	4.41
5.	Loans Disbursed – ITC IndiVision Limited	–	–	–	–	–	900.00	–	–	–	–	–	900.00
6.	Interest Income - North East Nutrients Private Limited - ITC IndiVision Limited	– –	– –	– –	– –	**73.60** –	160.79 29.38	– –	– –	– –	– –	**73.60** –	160.79 29.38
7.	Receipt towards Loan Repayment - North East Nutrients Private Limited - ITC IndiVision Limited	– –	– –	– –	– –	**1,220.00** –	247.54 900.00	– –	– –	– –	– –	**1,220.00** –	247.54 900.00
8.	Interim Dividend paid	**1,228.31**	1,292.96	–	–	–	–	–	–	–	–	**1,228.31**	1,292.96
9.	Remuneration of manager on deputation reimbursed - for Chief Financial Officer - Mr. S. Suresh Kumar - Mr. A. Marodia	**108.32** **17.15**	111.92 –	– –	– –	– –	– –	– –	– –	– –	– –	**108.32** **17.15**	111.92 –
10.	Remuneration of managers on deputation reimbursed -for Manager & Company Secretary	**98.52**	69.05	–	–	–	–	–	–	–	–	**98.52**	69.05
11.	Remuneration on account of share based payment for managers on deputation	**3.89**	10.90	–	–	–	–	–	–	–	–	**3.89**	10.90
12.	Purchase of Investment	–	644.78	–	–	–	–	–	–	–	–	–	644.78
13.	**Outstanding Balances** i) Rental Security Deposit - ITC Limited	**36.00**	36.00	–	–	–	–	–	–	–	–	**36.00**	36.00
	ii) Loans given - North East Nutrients Private Limited	–	–	–	–	–	1,220.00	–	–	–	–	–	1,220.00
	iii) Payables - ITC Limited - International Travel House Limited	**10.19** –	8.31 –	– –	– –	– –	– –	– **0.80**	– –	– –	– –	**10.19** **0.80**	8.31 –

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(viii) Provision for litigation/disputes:

(₹ in lakhs)

	2022	2021
Balance as at the beginning of the year	169.49	81.24
Add: Additions during the year	2.10	88.25
(Less): Payments during the year	(54.58)	–
Balance as at the end of the year	117.01	169.49
Classified as Provisions (Current) (Refer Note 13)	117.01	169.49

(ix) The Chief Financial Officer and the Manager & Company Secretary 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 ₹ 2.01 lakhs (2021 : ₹ 3.71 lakhs) towards Stock Options and ₹ 1.88 lakhs (2021 : ₹ 7.19 lakhs) towards ESAR Units have been recognised as employee benefits expense (Refer Note 19). The net liability of ₹ 10.19 lakhs (2021 : ₹ 8.31 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, 2022	As at 31st March, 2021
	No. of Options	No. of Options
Outstanding at the beginning of the year	38,108	46,088
Add: Granted during the year	1,800	–
Add / (Less): Movement due to transfer of employees within the group	(21,361)	–
(Less): Lapsed during the year	(3,553)	(4,788)
(Less): Exercised during the year	(441)	(3,192)
Outstanding at the end of the year	**14,553**	**38,108**
Options exercisable at the end of the year	12,753	38,108

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	83.26	29.05*	54.21	0.33	28.72
	Stage 2	–	–	–	–	–
Subtotal		**83.26**	**29.05**	**54.21**	**0.33**	**28.72**
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	9.68	9.68	–	9.68	–
Subtotal for doubtful		**9.68**	**9.68**	–	**9.68**	–
Loss	Stage 3	–	–	–	–	–
Subtotal for NPA		**9.68**	**9.68**	**-**	**9.68**	**-**
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**	83.26	29.05	54.21	0.33	28.72
	Stage 2	–	–	–	–	–
	Stage 3	9.68	9.68	–	9.68	–
	Total	**92.94**	**38.73**	**54.21**	**10.01**	**28.72**

* 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:

a) Capital

Particulars		2022	2021
i)	CRAR (%)	98.83	112.24
ii)	CRAR - Tier I Capital (%)	98.79	112.20
iii)	CRAR - Tier II Capital (%)	0.04	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			2022	2021
(1)	Value of Investments			
	(i)	Gross Value of Investments		
		(a) In India	96,725.03	74,518.67
		(b) Outside India	–	–
	(ii)	Provisions for Depreciation		
		(a) In India	–	–
		(b) Outside India	–	–
	(iii)	Net Value of Investments		
		(a) In India	96,725.03	74,518.67
		(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 Bank - Others	– –	– –	– –	– –	– –	– –	5.78 –	– –	– –	– –	5.78 –
Advances / Loans	–	–	–	–	–	–	–	–	–	–	–
Investments	20,254.01	–	–	–	–	–	17,306.47	12,155.48	13,526.49	33,482.58	96,725.03
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: 0.33%

b. Short-Term Liabilities as a % of Total Liabilities: 38.95%

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

f) Exposure to Real Estate Sector : Nil

g) Exposure to Capital Market: (₹ in lakhs)

Particulars		2022	2021
(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;	26,138.29	16,569.12
(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		**26,138.29**	**16,569.12**

** Only quoted equity investments considered.*

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, 2022 : Nil

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		2022	2021
Provisions for Depreciation on Investment		–	–
Provision towards NPA		–	–
Provision made towards Income tax (including deferred tax)		339.67	893.62
Other Provision and Contingencies (with details)			
A	Provision for compensated absences	1.48	1.28
B	Provision for gratuity	1.69	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, 2022			As at 31st March, 2021		
	Principal	Interest Accrued	Percentage to Total Exposure	Principal	Interest Accrued	Percentage to Total Exposure
North East Nutrients Private Limited	-	-	-	1,220.00	–	100.00%
Total	-	-	-	**1,220.00**	–	**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:

I	No. of complaints pending at the beginning of the year	Nil
II	No. of complaints received during the year	Nil
III	No. of complaints redressed during the year	Nil
IV	No. of complaints pending at the end of the year	Nil

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(xii) Corporate Social Responsibility (CSR)

i. Amount required to be spent by the company during the year	:	₹ 87.20 lakhs (2021: 110.04 lakhs)
ii. Amount of expenditure incurred	:	₹ 88.00 lakhs (2021 : ₹ 111.00 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	:	Contribution to Rural Development Trust towards implementation of a project on rural development by promoting improvement agricultural practices and water resource management in drought hit areas of Bhadradri Kothagudem district of Telangana.
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 financial statements were approved for issue by the Board of Directors on April 29, 2022.

Schedule to the Balance Sheet as at 31st March, 2022

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, 2022**	
	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	–	
(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	**34.76**	
	(a) Financial lease	–	
	(b) Operating lease	34.76	
	(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:	**22,754.41**	
	(i) Shares : (a) Equity	0.20	
	(b) Preference	–	
	(ii) Debentures and Bonds	22,754.21	
	(iii) Units of mutual funds	–	
	(iv) Government Securities	–	
	(v) Others (please specify)	–	

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

				Amount Outstanding
	2. Unquoted:			**20,254.01**
	(i) Shares : (a) Equity			–
	(b) Preference			–
	(ii) Debentures and Bonds			–
	(iii) Units of mutual funds			20,254.01
	(iv) Government Securities			–
	(v) Others (please specify)			–
	Long Term Investments			
	1. Quoted:			**47,618.86**
	(i) Shares : (a) Equity			26,138.09
	(b) Preference			–
	(ii) Debentures and Bonds			21,480.77
	(iii) Units of mutual funds			–
	(iv) Government Securities			–
	(v) Others (please specify)			–
	2. Unquoted :			**6,097.75**
	(i) Shares : (a) Equity			6,097.75
	(b) Preference			–
	(ii) Debentures and Bonds			–
	(iii) Units of mutual funds			–
	(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	-	34.76	34.76
	(c) Other related parties	–	–	–
	2. Other than related parties	–	–	–
	Total	**–**	**34.76**	**34.76**
(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	5,263.16		4,210.34
	(b) Companies in the same group	8,142.20		3,771.79
	(c) Other related parties	–		–
	2. Other than related parties	88,594.67		88,742.90
	Total	**1,02,000.03**		**96,725.03**
(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, 2022		As at 31st March, 2021	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets						
a)	**Measured at amortised cost**					
	i) Cash and cash equivalents	3	19.44	19.44	28.85	28.85
	ii) Bank Balance other than (i) above	4	5.78	5.78	10,204.49	10,204.49
	iii) Trade Receivables	5(I)	16.50	16.50	27.68	27.68
	iv) Loans	6	–	–	1,220.00	1,220.00
	v) Investment in Bonds	7	21,480.77	21,332.55	8,747.82	8,771.43
	vi) Other financial assets	5 (II) & 8	1,333.05	1,333.05	1,428.44	1,428.44
	Sub - total		**22,855.54**	**22,707.32**	**21,657.28**	**21,680.89**
b)	**Measurement at Fair value through OCI**					
	i) Investment in Equity Shares	7	24,253.71	24,253.71	15,521.34	15,521.34
	Sub - total		**24,253.71**	**24,253.71**	**15,521.34**	**15,521.34**
c)	**Measured at Fair value through Profit or Loss**					
	i) Investment in Mutual Funds	7	20.254.01	20.254.01	17,976.94	17,976.94
	ii) Investment in Bonds	7	22.754.21	22.754.21	24,290.24	24,290.24
	iii) Investment in Equity Shares	7	0.20	0.20	0.20	0.20
	Sub - total		**43,008.42**	**43,008.42**	**42,267.38**	**42,267.38**
	Total financial assets		**90,117.67**	**89,969.45**	**79,446.00**	**79,469.61**
B. Financial liabilities						
a)	**Measured at amortised cost**					
	i) Other financial liabilities	12	65.63	65.63	66.81	66.81
	Total financial liabilities		**65.63**	**65.63**	**66.81**	**66.81**

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 ₹ 65.63 lakhs (2021: ₹ 66.81 lakhs) as against cash and cash equivalents of ₹ 19.44 lakhs (2021: ₹ 28.85 lakhs) and investments as reflected in Note 7 of the financial statements. Further, the Company's total equity stands at ₹ 97,452.26 lakhs (2021: ₹ 86,601.28 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.

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 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.

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, 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.

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, 2022	As at 31st March, 2021
A. Financial assets				
a)	**Measured at amortised cost**			
	i) Investment in Bonds	2	21,332.55	8,771.43
b)	**Measured at Fair value through Other Comprehensive Income**			
	i) Investment in Equity Shares	1,3	24,253.71	15,521.34
c)	**Measured at Fair value through Profit or Loss**			
	i) Investment in Mutual Funds	1	20,254.01	17,976.94
	ii) Investment in Bonds	2	22,754.21	24,290.24
	iii) Investment in Equity Shares	1	0.20	0.20

There has not been any transfers amongst Level 1, Level 2 and Level 3. The sensitivity of valuation of financial assets considered as Level 2 and Level 3 is not material.

In terms of our report attached

For Maheshwari & Associates
Chartered Accountants
Firm Registration Number: 311008E

On behalf of the Board

Bijay Murmuria
Partner

R. TANDON *Chairman*   T. S. M. SHENOY *Director*

Membership No. 055788

A. MARODIA *Chief Financial Officer*   N. BAJAJ *Manager & Company Secretary*

Kolkata, 29th April, 2022

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.	**Sl. 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)**	:	1,063.07
8.	**Total Assets**	:	5,518.60
9.	**Total Liabilities (excluding Total Equity)**	:	249.51
10.	**Investments (excluding Investments made in subsidiaries)**	:	3,361.18
11.	**Turnover***	:	808.62
12.	**Profit before taxation**	:	194.55
13.	**Provision for taxation**	:	15.94
14.	**Profit after taxation**	:	178.61
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-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022
2.	**Date on which the Associate or Joint Venture 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 Associate / 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)**	2,717.62	649.17	485.21	4,319.66	-#
7.	**Profit / (Loss) for the year (₹ in lakhs)**	368.58	27.98	4.85	(1,069.65)	28.34
i.	Considered in Consolidation (₹ in lakhs)*	-	-	-	-	-
ii.	Not Considered in Consolidation (₹ in lakhs)*	368.58	27.98	4.85	(1,069.65)	28.34

* 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 - Investment 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

R. TANDON *Chairman* T. S. M. SHENOY *Director*

A. MARODIA *Chief Financial Officer* N. BAJAJ *Manager & Company Secretary*

Kolkata, 29th April, 2022

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

1. Your Directors submit their Report for the financial year ended 31st March, 2022.

2. **PERFORMANCE OF THE COMPANY**

During the year, your Company earned revenue of ₹ 639.22 lakhs from its operations, with total income being ₹ 808.62 lakhs. The net profit of the Company for the year was ₹ 178.61 lakhs. The Company continues to provide maintenance services for commercial office buildings, Engineering, Procurement and Construction Management (EPCM) Services as well as Project Management Consultancy Services.

During the year, the systems and processes laid down by the Company ensured business continuity in the context of the subsequent waves of COVID-19 pandemic.

The financial results of your Company, summarised, are as under:

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
Profits		
a. Profit Before Tax	**194.55**	232.28
b. Less : Tax Expense	**15.94**	(138.82)
c. Profit After Tax	**178.61**	371.10
d. Add : Other Comprehensive Income	**(0.83)**	1.09
e. Total Comprehensive Income	**177.78**	372.19
Retained Earnings		
a. At the beginning of the year	**885.29**	513.10
b. Add : Profit for the year	**178.61**	371.10
c. Add : Other Comprehensive Income	**(0.83)**	1.09
d. At the end of the year	**1,063.07**	885.29

3. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) Changes in Directors during the year

Mr. Saradindu Dutta (DIN: 00058639), consequent to his retirement from the services of ITC Limited, the Ultimate Holding Company stepped down as a Non-Executive Director of your Company with effect from 19th February, 2022. Your Directors place on record their appreciation for the contribution made by Mr. Dutta during his tenure.

The Board of Directors of your Company ('the Board') at its Meeting held on 22nd January, 2022, appointed Mr. Jagdish Singh (DIN:00042258) as an Additional Director of the Company with effect from the said date. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 130 of the Articles of Association of the Company, Mr. Singh will vacate office at the ensuing Annual General Meeting ('AGM') of the Company.

Your Board at its meeting held on 28th April, 2022, recommended for the approval of the Members, the appointment of Mr. Singh 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 appointment of Mr. Singh, 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) Changes in Key Managerial Personnel during the year

Mr. Pretiush Kumar, Manager & Company Secretary, resigned with effect from close of work on 30th September, 2021. In terms of the provisions of Sections 196, 197 and 203 of the Act, the Board appointed Ms. Swati Rampuria as the Manager of the Company for a period of two years with effect from 18th October, 2021, subject to the approval of the Members of the Company. Ms. Rampuria was also appointed as the Company Secretary of the Company with effect from the said date. Ms. Rampuria resigned as the Manager & Company Secretary of the Company with effect from close of work on 30th November, 2021.

The Board thereafter appointed Mr. Lakshmana Raja Basa as the Manager of the Company for a period of two years with effect from 22nd January, 2022, pursuant to the provisions of Sections 196, 197 and 203 of the Act, subject to approval of the Members of the Company. Mr. Basa has also been appointed as the Company Secretary of the Company with effect from the said date.

Appropriate resolutions seeking your approval to the aforesaid appointments are appearing in the Notice convening the ensuing AGM of the Company. The appointments of Ms. Rampuria and Mr. Basa are/will be governed by the respective resolutions passed by the Board and the shareholders of the Company. The statutory provisions apply with respect to notice period and severance fee.

(c) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with the Articles of Association of the Company, Mr. Rajiv Tandon (DIN: 00042227), 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.

(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.

4. **BOARD MEETINGS**

Four meetings of the Board were held during the year ended 31st March, 2022.

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 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 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.

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 vest 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, 2022, 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 ended 31st March, 2022, the Related Party Transactions ('RPTs') entered into by the Company were in the ordinary course of business and at arm's length. The details of material RPTs of the Company in the prescribed Form 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 (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 2022-23. 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

R. TANDON *Chairman*
J. SINGH *Director*

Dated : 28th April, 2022

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2022

[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*	41	Chief Financial Officer	60,54,939/-	39,27,950/-	B. Com (Hons.), A.C.A. CISA, CISM	16	01.01.2015	ITC Limited, Manager (Finance)
A. Bhattacharya	53	Assistant Manager - Finance	12,12,956/-	10,08,404/-	B. Com, P.G.D.P. (Insurance & Risk Mngt.)	24	01.10.1997	–
A. Kanjilal	49	Security & Fire Officer	11,67,612/-	9,82,388/-	B.A.	29	16.02.2015	IBM India Private Limited, Site Security Leader
Pretiush Kumar#	31	Manager & Company Secretary	9,00,389/-	7,82,597/-	B.Com (Hons.), A.C.S.	7	05.12.2016	Bata India Limited, Executive Secretarial
S. K. Singh	55	Administrative Assistant	8,12,944/-	6,24,710/-	Madhyamik	24	01.10.1997	–
S. Bhattacharya	59	Maintenance Supervisor	6,61,091/-	5,67,771/-	B.Sc. (Hons.)	30	16.04.1992	–
G. B. Das	54	Maintenance Superintendent	6,33,489/-	5,54,037/-	Madhyamik	30	01.11.1991	–
S. Lama	48	Administrative Assistant I	5,83,945/-	5,05,083/-	H.S.	24	01.10.1997	–
B. Barash	42	Project Engineer	5,65,346/-	4,79,286/-	H.S., Diploma in Architecture	17	01.09.2017	Touch Point Consultancy Private Limited, Assistant Project Manager
A. Chakraborty	38	Maintenance Supervisor	5,62,544/-	4,77,072/-	B. Tech (Electronics & Telecommunication)	13	16.01.2018	G4S Secure Solutions (India) Private Limited, Technical Consultant

** On deputation from ITC Limited, the ultimate Holding Company (ITC).*
 # Resigned with effect from close of work on 30th September, 2021.

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.

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 employee) are contractual in accordance with terms and conditions as per the Company's rules.

e. The aforesaid employees are neither relative of any Director / Manager of the Company nor hold any equity share in the Company.

On behalf of the Board

R. TANDON *Chairman*
J. SINGH *Director*

Dated : 28th April, 2022

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2022

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, 2021 to 31st July, 2022 Maintenance of Various Properties - 1st April, 2021 to 31st March, 2022	EPCM Master Service Agreement - 19th August, 2020
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year ₹ 305.68 lakhs	Value of transaction during the year ₹ 303.20 lakhs
e)	Date(s) of approval by the Board, if any	20th January, 2021	15th January, 2020
f)	Amount paid as advances, if any	Nil	Nil

On behalf of the Board

R. TANDON *Chairman*
J. SINGH *Director*

Dated : 28th April, 2022

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, 2022, 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, 2022, 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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, 2022;
   (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 Ind AS financial statements – Refer Note 5 to the Ind AS 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 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 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Anant Acharya
Partner
Membership Number: 124790
UDIN: 22124790AHZYYY9808

Place of Signature: Mumbai
Date: April 28, 2022

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) 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, 2022.

(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 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 Rupees 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 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 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 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) 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 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 insofar 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 (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) of the Order is not applicable to the Company.

(d) The Group does not have more than one CIC. 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
Membership Number: 124790
UDIN: 22124790AHZYYY9808

Place of Signature: Mumbai
Date: April 28, 2022

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 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 Ind AS financial statements of Greenacre Holdings Limited ("the Company") as of March 31, 2022 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 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 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 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 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, 2022, 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: 22124790AHZYYY9808

Place of Signature: Mumbai
Date: April 28, 2022

BALANCE SHEET AS AT 31ST MARCH, 2022

	Note		As at 31st March, 2022 (₹ in lakhs)		As at 31st March, 2021 (₹ in lakhs)
ASSETS					
Non-current assets					
(a) Property, plant and equipment	3		1,480.00		1,484.35
(b) Deferred tax assets (Net)	4		5.93		6.48
(c) Other non-current assets	5		524.56		526.58
Current assets					
(a) Financial assets					
(i) Investments	6	3,361.18		3,181.43	
(ii) Trade receivables	7	109.93		11.43	
(iii) Cash and cash equivalents	8	13.83	3,484.94	5.04	3,197.90
(b) Other current assets	5		23.17		3.01
TOTAL ASSETS			**5,518.60**		**5,218.32**
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	9	4,206.02		4,206.02	
(b) Other equity		1,063.07	5,269.09	885.29	5,091.31
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
Other financial liabilities	10		81.27		24.87
(b) Provisions	11		19.36		19.39
Current liabilities					
(a) Financial liabilities					
(i) Trade payables					
Total outstanding dues of creditors other than micro enterprises and small enterprises		118.36		15.26	
(ii) Other financial liabilities	10	5.35	123.71	61.86	77.12
(b) Provisions	11		2.81		0.62
(c) Other current liabilities	12		22.36		5.01
TOTAL EQUITY AND LIABILITIES			**5,518.60**		**5,218.32**

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

Anant Acharya
Partner

Mumbai, April 28, 2022

On behalf of the Board

R. TANDON *Chairman* J. SINGH *Director*

M. SETH *Chief Financial Officer* L. R. BASA *Manager & Company Secretary*

Kolkata, April 28, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

		Note	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
I	Revenue from operations	13	639.22	335.68
II	Other income	14	169.40	229.04
III	**Total income (I+II)**		**808.62**	**564.72**
IV	**EXPENSES**			
	Maintenance and service expense		356.59	108.58
	Employee benefits expense	15	219.69	202.17
	Depreciation expense		4.35	4.01
	Other expenses	16	33.44	17.68
	Total expenses (IV)		**614.07**	**332.44**
V	**Profit before tax (III - IV)**		**194.55**	**232.28**
VI	**Tax expense:**			
	Current tax	17A	15.11	5.42
	Deferred tax	17A	0.83	(144.24)
VII	**Profit for the year (V - VI)**		**178.61**	**371.10**
VIII	**Other Comprehensive (Loss) / Income**			
	A (i) Items that will not be reclassified to profit or loss:			
	– Remeasurements of defined benefit plans	18(ii)	(1.11)	1.46
	(ii) Income tax relating to items that will not be reclassified to profit or loss	17B	0.28	(0.37)
	Other Comprehensive (Loss) / Income [A (i)+(ii)]		**(0.83)**	**1.09**
IX	**Total Comprehensive Income for the year (VII+VIII)**		**177.78**	**372.19**
X	Earnings per equity share (Face Value ₹ 10.00 each): -Basic and Diluted (in ₹)	18(i)	0.42	0.88

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

Anant Acharya
Partner

Mumbai, April 28, 2022

On behalf of the Board

R. TANDON *Chairman* J. SINGH *Director*

M. SETH *Chief Financial Officer* L. R. BASA *Manager & Company Secretary*

Kolkata, April 28, 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

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, 2022	**4,206.02**	**-**	**4,206.02**
For the year ended 31st March, 2021	4,206.02	-	4,206.02

B. Other Equity (₹ in lakhs)

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**

FY 2020-21	Reserves & Surplus	Total
	Retained Earnings	
Balance as at 1st April, 2020	**513.10**	**513.10**
Profit for the year	371.10	371.10
Other Comprehensive Income (net of tax)	1.09	1.09
Total Comprehensive Income for the year	**372.19**	**372.19**
Balance as at 31st March, 2021	**885.29**	**885.29**

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

Anant Acharya
Partner
Mumbai, April 28, 2022

On behalf of the Board

R. TANDON *Chairman* J. SINGH *Director*

M. SETH *Chief Financial Officer* L. R. BASA *Manager & Company Secretary*

Kolkata, April 28, 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	**194.55**	**232.28**
ADJUSTMENTS FOR :		
Depreciation expense	4.35	4.01
Net gain arising on investments mandatorily measured at Fair value through profit and loss (FVTPL)	(136.98)	(198.56)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	61.92	37.73
ADJUSTMENTS FOR :		
Other assets	(20.16)	1.26
Other financial liabilities	(0.10)	(19.60)
Trade Payables	103.09	(5.39)
Trade Receivables	(98.50)	(11.43)
Other Receivables	–	0.01
Other current liabilities	17.35	0.48
Provisions	1.04	2.62
CASH GENERATED FROM OPERATIONS	64.64	5.68
Income tax paid	(13.07)	(8.90)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	**51.57**	**(3.22)**
B. Cash Flow from Investing Activities		
Purchase of Property, plant and equipment	–	(5.18)
Purchase of current investments	(183.00)	(201.00)
Sale / redemption of current investments	140.22	173.62
NET CASH USED IN INVESTING ACTIVITIES	**(42.78)**	**(32.56)**
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)	**8.79**	**(35.78)**
OPENING CASH AND CASH EQUIVALENTS	**5.04**	**40.82**
CLOSING CASH AND CASH EQUIVALENTS (Note 8)	**13.83**	**5.04**

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

Anant Acharya
Partner
Mumbai, April 28, 2022

On behalf of the Board

R. TANDON *Chairman* J. SINGH *Director*

M. SETH *Chief Financial Officer* L. R. BASA *Manager & Company Secretary*

Kolkata, April 28, 2022

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. 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 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. These benefits are 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 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 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.

IV. Estimation of uncertainties relating to the Global pandemic COVID-19

The Company has considered the possible effects that may arise out of the COVID-19 pandemic on the carrying amounts of investments, other financial assets etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements, economic forecasts, market value of certain investments etc. Based on current estimates, the Company does not expect any significant impact on such carrying values. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

	Gross Block							Depreciation and Amortization							Net Book Value	
Particulars	As at 31st March, 2020	Additions	Withdrawals and adjustments	As at 31st March, 2021	**Additions**	**Withdrawals and adjustments**	**As at 31st March, 2022**	Upto 31st March, 2020	For the year	On Withdrawals and adjustments	Upto 31st March, 2021	**For the year**	**On Withdrawals and adjustments**	**Upto 31st March, 2022**	**As at 31st March, 2022**	As at 31st March, 2021
3. Property, plant and equipment																
Land	1,406.30	-	-	1,406.30	-	-	1,406.30	-	-	-	-	-	-	-	1,406.30	1,406.30
Buildings	85.90	5.18	-	91.08	-	-	91.08	9.02	4.01	-	13.03	4.35	-	17.38	73.70	78.05
Plant and Equipment	0.05	-	-	0.05	-	-	0.05	0.05	-	-	0.05	-	-	0.05	...	...
TOTAL	1,492.25	5.18	-	1,497.43	-	-	1,497.43	9.07	4.01	-	13.08	4.35	-	17.43	1,480.00	1,484.35

The above includes following assets given on operating lease :

Particulars	**As at 31st March, 2022**				As at 31st March, 2021			
	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	12.04	65.20	1.72	77.24	10.32	66.92	1.72
TOTAL	**77.24**	**12.04**	**65.20**	**1.72**	**77.24**	**10.32**	**66.92**	**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 (March 2021 : ₹ 30.48 lakhs) is included in Lease rental income under Other income (Note 14).

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
4. Deferred tax liabilities / (assets) (Net)		
Deferred tax liabilities	0.69	0.15
Less : Deferred tax assets	6.62	6.63
TOTAL	**(5.93)**	**(6.48)**

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 :				
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)**

2020-21	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	142.46	(142.31)	–	0.15
Total deferred tax liabilities	**142.46**	**(142.31)**	**–**	**0.15**
On fiscal allowances on property, plant and equipment, etc.	0.33	0.21	–	0.54
On employees separation and retirement etc.	4.74	0.66	(0.37)	5.03
Other timing differences	-	1.06	–	1.06
Total deferred tax assets	**5.07**	**1.93**	**(0.37)**	**6.63**
Deferred tax liabilities/ (assets) (Net)	**137.39**	**(144.24)**	**0.37**	**(6.48)**

The Company has long term capital losses of ₹ 4,830.10 lakhs (2021 : ₹ 4,824.96 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2022 (₹ in lakhs)		As at 31st March, 2021 (₹ in lakhs)	
	Current	Non-Current	Current	Non-Current
5. Other assets				
(A) Capital Advances	–	42.86	–	42.86
(B) Advances other than capital advances				
(i) Security Deposits - Others	–	1.55	–	1.55
(ii) Advance Tax (net of provisions)	–	28 .53	–	30.55
(iii) Other Advances				
- Assignable claims [Refer Note 20]	–	200.00	–	200.00
- Payment towards land / project development *	–	123.72	–	123.72
- Project Advances	–	127.90	–	127.90
- Other Advances (including advances with statutory authorities, prepaid expenses, employees etc.)	23.17	–	3.01	–
TOTAL	**23.17**	**524.56**	**3.01**	**526.58**

* Suit for partition of land is pending. The Company does not foresee any impact of the suit.

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
6. Current Investments	**Unquoted**	Unquoted
INVESTMENT IN MUTUAL FUNDS (at fair value through profit or loss)		
Aditya Birla Sun Life Floating Rate Fund 2,01,797 units of ₹ 100.00 each	560.82	536.41
Aditya Birla Sun Life Liquid Fund 2,102 (March 2021 : Nil) units of ₹ 100.00 each	7.16	–
Aditya Birla Sun Life Savings Fund 2,78,830 units of ₹ 100.00 each	1,241.66	1,190.15
ICICI Prudential Savings Fund 2,24,080 units of ₹ 100.00 each	980.83	940.44
Kotak Savings Fund 12,53,702 units of ₹ 10.00 each	451.71	434.82
Nippon India Liquid Fund 243 (March 2021 : 443) units of ₹ 1000.00 each	12.57	22.15
Axis Liquid Fund 2,893 (March 2021 : 1,112) units of ₹ 1000.00 each	67.99	25.27
Kotak Liquid Fund 71 (March 2021 : Nil) units of ₹ 1000.00 each	3.03	–
UTI Liquid - Cash Plan 1,021 (March 2021 : 960) units of ₹ 1000.00 each	35.41	32.19
Aggregate amount of unquoted investments	**3,361.18**	**3,181.43**
TOTAL	**3,361.18**	**3,181.43**

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
7. Trade receivables		
Unsecured, considered good	109.93	11.43
TOTAL	**109.93**	11.43

(₹ 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**

(₹ in lakhs)

As at 31 March, 2021	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	11.43	-	-	-	-	-	11.43
TOTAL	**11.43**	-	-	-	-	-	**11.43**

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
8. Cash and cash equivalents@		
Balances with Banks		
Current accounts	13.79	5.01
Cash on hand	0.04	0.03
TOTAL	**13.83**	**5.04**

@ 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹ in lakhs)
9. 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

B) Shareholders holding more than 5% of the Equity Shares in the Company

	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (%)	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (%)
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, 2022			As at 31st March, 2021		
		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, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
10. Other financial liabilities		
Non-current		
Other liabilities (includes deposits from ITC Limited, the ultimate Holding Company) [Also refer Note : 18 (v) (b)]	80.11	24.00
Other payables [payable to ITC Limited, the ultimate Holding Company]	1.16	0.87
TOTAL	**81.27**	**24.87**
Current		
Other liabilities (Refer Note : 18(v)(b)]	–	56.11
Other payables (includes payable to ITC Limited, the ultimate Holding Company)	5.35	5.75
TOTAL	**5.35**	61.86

	As at 31st March, 2022 (₹ in lakhs)		As at 31st March, 2021 (₹ in lakhs)	
	Current	Non-Current	Current	Non-Current
11. Provisions				
Provision for employee benefits				
Retirement benefits	0.50	–	0.51	–
Other benefits	2.31	19.36	0.11	19.39
TOTAL	**2.81**	19.36	**0.62**	**19.39**

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
12. Other liabilities		
Current		
Statutory liabilities	11.43	2.61
Progress payments and advance received against projects	10.93	2.40
TOTAL	**22.36**	**5.01**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
13. Revenue from operations		
Sale of Services	639.22	335.68
TOTAL	**639.22**	**335.68**
Revenue from Sale of Services comprises revenue from:		
a) Property Maintenance	305.68	300.90
b) Engineering, Procurement and Construction Management Services & Project Management Consultancy Services	333.54	34.78
TOTAL	**639.22**	**335.68**

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
14. Other income		
Interest income	1.94	-
Lease rental income	30.48	30.48
Other gains and losses	136.98	198.56
TOTAL	**169.40**	**229.04**
Interest income comprises interest from:		
Others (from statutory authorities)	1.94	-
TOTAL	**1.94**	-
Other gains and losses:		
Net gain arising on financial assets (current investments) mandatorily measured at FVTPL*	136.98	198.56
TOTAL	**136.98**	**198.56**

* Includes ₹ 1.20 lakhs (March 2021 : ₹ 1.27 lakhs) being net gain on sale of investments.

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
15. Employee benefits expense		
Salaries and wages	137.20	129.71
Remuneration of manager's salary on deputation *	63.75	55.10
Contribution to Provident and other funds	12.42	12.16
Staff welfare expenses	6.32	5.20
TOTAL	**219.69**	**202.17**

* Includes reimbursement on account of share based payments as under :
- Employee Stock Option Scheme (ESOS) : Nil (March 2021 : ₹ 1.10 lakhs)
- Employee Stock Appreciation Linked Reward (ESAR) Plan : ₹ 0.69 lakh [March 2021 : (₹ 0.82 lakh)] [Refer Note 18 (vi)]

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
16. Other expenses		
Rates and taxes	0.89	1.49
Insurance	3.05	3.91
Bank charges	0.03	0.03
Travelling and conveyance	0.01	0.01
Consultancy / Professional fees	26.50	8.75
Telephone expenses	0.10	0.10
Miscellaneous expenses	2.86	3.39
TOTAL	**33.44**	**17.68**
Miscellaneous expenses include :		
Auditors' remuneration and expenses *		
Audit fees	1.65	1.50
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, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
17. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	13.00	6.20
Adjustments / (credits) related to previous years - Net	2.11	(0.78)
Total current tax	**15.11**	**5.42**
Deferred tax		
Deferred tax for the year	0.83	(144.24)
Total deferred tax	**0.83**	**(144.24)**
TOTAL	**15.94**	**(138.82)**
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	0.28	(0.37)
TOTAL	**0.28**	**(0.37)**

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, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
Profit before tax	**194.55**	232.28
Income tax expense calculated @ 25.168%	48.96	58.46
Effect of tax relating to uncertain tax positions	0.17	0.48
Effect of different tax rates on certain items@	(33.51)	(191.82)
Other differences	(1.79)	(5.16)
Total	**13.83**	**(138.04)**
Adjustments recognised in the current year in relation to the current tax of prior years	2.11	**(0.78)**
Income tax recognised in profit or loss	**15.94**	**(138.82)**

@ includes the benefit of previously unrecognised tax losses to reduce 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.

18. Additional Notes to the Financial Statements

(i) Earnings per share:

		2022	2021
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in lakhs)	**178.61**	371.10
(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)]	**0.42**	0.88

(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 Benefits are 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, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ 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	2.15	1.06	2.75	1.32
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	(0.05)	1.22	(0.06)	1.09
	4	**Total expense recognised in the Statement of Profit and Loss**	**2.10**	**2.28**	**2.69**	**2.41**
	- Re-measurements recognised in Other Comprehensive Income					
	5	Return on plan assets (excluding amounts included in Net interest cost)	(0.10)	–	(0.27)	–
	6	Effect of changes in demographic assumptions	–	–	–	–
	7	Effect of changes in financial assumptions	(0.89)	(0.54)	–	–
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–
	9	Effect of experience adjustments	1.60	1.04	(0.82)	(0.37)
	10	**Total re-measurements included in Other Comprehensive Income [(Gain)/Loss]**	0.61	0.50	(1.09)	(0.37)
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income [(Gain)/Loss] (4+10)**	2.71	2.78	1.60	2.04

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 15. The re-measurements of the net defined benefit liability are included in Other Comprehensive Income.

			For the year ended 31st March, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
II	**Actual Returns**		**2.24**	–	2.21	–
III	**Net Asset / (Liability) recognised in Balance Sheet**					
	1	Present Value of Defined Benefit Obligation	37.99	21.67	33.85	19.50
	2	Fair Value of Plan Assets	37.49	–	33.34	-
	3	Status [Surplus / (Deficit)]	(0.50)	(21.67)	(0.51)	(19.50)
	4	Restrictions on Asset Recognised	–	–	–	–
			As at 31st March, 2022 (₹ in lakhs)		As at 31st March, 2021 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
	5	**Net Asset/(Liability) recognised in Balance Sheet**	Funded	Unfunded	Funded	Unfunded
		- Current	(0.50)	(2.31)	(0.51)	(0.11)
		- Non-current	–	(19.36)	–	(19.39)

			For the year ended 31st March, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ 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	33.85	19.51	30.03	17.46
	2	Current Service Cost	2.15	1.06	2.75	1.32
	3	Interest Cost	2.09	1.22	1.88	1.09
	4	Re-measurement (Gains) / Losses:				
		a. Effect of changes in demographic assumptions	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
		b. Effect of changes in financial assumptions	(0.89)	(0.54)	–	–
		c. Changes in asset ceiling (excluding interest income)	–	–	–	–
		d. Effect of experience adjustments	1.60	1.04	(0.82)	(0.37)
	5	Curtailment Cost / (Credits)	–	–	–	–
	6	Settlement Cost / (Credits)	–	–	–	–
	7	Liabilities assumed in business combination	–	–	–	–
	8	Exchange difference on foreign plans	–	–	–	–
	9	Benefits Paid	(0.81)	(0.62)	–	–
	10	**Present Value of DBO at the end of the year**	**37.99**	**21.67**	**33.85**	**19.50**

V	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
	- Gratuity	2.07	2.72
	- Leave Encashment	–	–

			For the year ended 31st March, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ 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	33.34	–	28.65	–
	2	Asset acquired in Business Combination	–	–	–	–
	3	Expected Return on Plan Assets	2.14	–	1.94	–
	4	Re-measurement Gains / (Losses) on plan assets	0.10	–	0.27	–
	5	Actual Company Contributions	2.72	–	2.48	–
	6	Benefits Paid	(0.81)	–	–	–
	7	**Plan Assets at the end of the year**	**37.49**	–	**33.34**	–

			As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
			Discount Rate (%)	Discount Rate (%)
VII	**Actuarial Assumptions**			
	1	Gratuity	6.75	6.25
	2	Leave Encashment	6.75	6.25

VIII	**Major Category of Plan Assets as a % of the Total Plan Assets**		As at 31st March, 2022	As at 31st March, 2021
	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, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ 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	37.99	21.67	33.85	19.50
	2	Fair Value of Plan Assets	37.49	-	33.34	-
	3	Status [Surplus / (Deficit)]	(0.50)	(21.67)	(0.51)	(19.50)
	4	Experience Adjustment of Plan Assets [Gain / (Loss)]	0.10	-	0.27	-
	5	Experience Adjustment of obligation [(Gain) / Loss]	1.60	1.04	(0.82)	(0.37)

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, 2022		DBO as at 31st March, 2021	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Discount Rate + 100 basis points	36.14	20.47	31.54	18.03
2	Discount Rate - 100 basis points	40.05	23.01	36.45	21.20
3	Salary Increase Rate + 1%	40.07	23.02	36.28	21.11
4	Salary Increase Rate - 1%	36.09	20.44	31.65	18.08

Maturity Analysis of the Benefit Payments (₹ in lakhs)

		DBO as at 31st March, 2022		DBO as at 31st March, 2021	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Year 1	**4.97**	**2.38**	-	-
2	Year 2	3.70	1.76	7.17	3.51
3	Year 3	0.76	0.44	-	-
4	Year 4	9.71	5.08	7.68	4.51
5	Year 5	5.53	2.39	4.25	2.10
6	Next 5 Years	28.81	16.46	15.78	9.60

Amount towards Defined Contribution Plans have been recognised under “Contribution to Provident and other funds” in Note 15: ₹ 10.32 lakhs (2021: ₹ 9.47 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, 2022. 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)

	2022	2021
Non-current assets (In India)	2,004.56	2,010.93

The Company has two major customers from whom it generates revenue of ₹ 305.68 Lakhs (2021: ₹ 300.90 Lakhs) and ₹ 333.54 Lakhs (2021: ₹ 34.78 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
– Ms. N. Bajaj	Non-Executive Director
– Mr. S. Dutta	Non-Executive Director (upto 18.02.2022)
– Mr. J. Singh	Additional Non-Executive Director (w.e.f. 22.01.2022)
– Mr. M. Seth	Chief Financial Officer
– Mr. P. Kumar	Manager & Company Secretary (upto 30.09.2021)
– Ms. S. Rampuria	Manager & Company Secretary (from 18.10.2021 upto 30.11.2021)
– Mr. L. R. Basa	Manager & Company Secretary (w.e.f. 22.01.2022)

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	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
1.	Rent Received	17.28	17.28	-	-	13.20	13.20	-	-	-	-	30.48	30.48
2.	Purchase of Services	358.43	37.33	-	-	-	-	-	-	-	-	358.43	37.33
3.	Sale of Services	360.70	355.07	-	-	-	-	-	-	-	-	360.70	355.07
4.	Expenses Recovered	0.53	1.06	-	-	-	-	-	-	-	-	0.53	1.06
5.	Remuneration of managers on deputation												
	- for Chief Financial Officer (CFO)	58.70	53.19	-	-	-	-	-	-	-	-	58.70	53.19
	- for Manager & Company Secretary :												
	i) Ms. S. Rampuria	1.66	-	-	-	-	-	-	-	-	-	1.66	-
	ii) Mr. L. R. Basa	2.70	-	-	-	-	-	-	-	-	-	2.70	-
6.	Remuneration on account of share based payment for manager on deputation (For CFO)	0.69	1.92	-	-	-	-	-	-	-	-	0.69	1.92
7.	Expenses Reimbursed	0.81	0.33	-	-	-	-	-	-	-	-	0.81	0.33
8.	Contribution to Greenacre Holdings Limited Provident Fund	-	-	-	-	-	-	-	-	10.32	9.47	10.32	9.47
9.	Contribution to Greenacre Holdings Limited Gratuity Fund	-	-	-	-	-	-	-	-	2.10	2.69	2.10	2.69
10.	Remuneration to Key Management Personnel (Manager & Company Secretary)												
	Mr. P. Kumar												
	- Short Term Benefits	–	–	–	–	–	–	8.42	12.04	–	–	8.42	12.04
	- 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	112.73	11.02	-	-	-	-	-	-	-	-	112.73	11.02

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vi) 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 ₹ Nil (2021 : ₹ 1.10 lakhs) towards Stock Options and ₹ 0.69 lakh (2021 : ₹ 0.82 lakh) towards ESAR Units have been recognised as employee benefits expense (Refer Note 15) and the liability on account of ESAR Units is of ₹ 1.69 lakhs (2021 : ₹ 1.00 lakh) presented under Note 10 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, 2022	As at 31st March, 2021
	No. of Options	No. of Options
Outstanding at the beginning of the year	8,875	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	–	–
Outstanding at the end of the year	7,838	8,875
Options exercisable at the end of the year	7,838	8,875

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.

(vii) Previous Year's figures have been regrouped / re-classified, where necessary to correspond with the current year's classification / disclosure.

(viii) **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 (2021 : ₹ 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)

	2022	2021
Term	Lease Payments	Lease Payments
Within 1 year	19.48	19.48
Between 1-5 years	–	–
Later than 5 years	–	–

(ix) **Financial Ratios**

Particulars	Numerator	Denominator	2022	2021
Current ratio (in times)[1]	Current Assets	Current Liabilities	23.56	38.68
Trade Receivables turnover (in times)[1]	Revenue from operations	Average Trade Receivables	10.53	58.72
Trade payables turnover (in times)	Maintenance and service expense	Average Trade Payables	5.34	6.05
Net capital turnover (in times)[1]	Revenue from operations	Working Capital (Current Assets – Current Liabilities)	0.19	0.11
Return on Equity (in %)	Profit after Tax (PAT)	Average Shareholder's Equity	3.45	7.57
Net Profit (in %)[2]	Profit after Tax (PAT)	Revenue from operations	27.94	110.55
Return on Capital employed (in %)	Profit before Interest & Taxes (PBIT)	Average Capital Employed	3.76	4.74
Return on investment (in %)	Income from Investment	Time Weighted Average Investments	4.26	6.71

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] change in financial ratio due to scale-up of Engineering Procurement & Construction Management (EPCM) Services and Project Management Consultancy (PMC) Services in the current year.

[2] higher profit after tax in previous year due to one-off reversal of deferred tax liabilities and lower market interest rates that prevailed during the current year.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(x) Trade Payables ageing schedule

(₹ 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**

(₹ in lakhs)

	Not Due	Unbilled Payables	Outstanding for following periods from due date of payment as at 31st March, 2021				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-	-
Others	10.02	-	5.24	-	-	-	15.26
Disputed Dues – MSME	-	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-	-
Total	**10.02**	**-**	**5.24**	**-**	**-**	**-**	**15.26**

19. 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, 2022		As at 31st March, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Trade receivables	7	109.93	109.93	11.43	11.43
ii) Cash and cash equivalents	8	13.83	13.83	5.04	5.04
Sub - total		123.76	123.76	16.47	16.47
b) Measured at fair value through profit or loss					
i) Investment in mutual funds	6	3,361.18	3,361.18	3,181.43	3,181.43
Sub - total		3,361.18	3,361.18	3,181.43	3,181.43
Total financial assets		**3,484.94**	**3,484.94**	**3,197.90**	**3,197.90**
B. Financial liabilities					
a) Measured at amortised cost					
i) Trade payables		118.36	118.36	15.26	15.26
ii) Other financial liabilities	10	86.62	86.62	86.73	86.73
Total financial liabilities		**204.98**	**204.98**	**101.99**	**101.99**

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.

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.

Liquidity Risk

The Company's Current assets aggregate ₹ 3,508.11 lakhs (2021: ₹ 3,200.91 lakhs) including Current investments, Trade receivables and Cash and cash equivalents of ₹ 3,484.94 lakhs (2021: ₹ 3,197.90 lakhs) against an aggregate Current liability of ₹ 148.88 lakhs (2021: ₹ 82.75 lakhs); Non-current liabilities due between one year to three years amount to ₹ 81.27 lakhs (2021: ₹ 24.87 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 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.

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 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.

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, 2022	As at 31st March, 2021
A. Financial assets			
Measured at fair value through profit or loss			
Investment in mutual funds	1	**3,361.18**	3,181.43

20. 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 assets" under Note 5.

On behalf of the Board

R. TANDON *Chairman* J. SINGH *Director*

M. SETH *Chief Financial Officer* L. R. BASA *Manager & Company Secretary*

Kolkata, April 28, 2022

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

Your Directors submit their Report for the financial year ended 31st March, 2022.

FINANCIAL RESULTS

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

	Consolidated(*) (₹ in crores)		Standalone (₹ in crores)	
Year Ended 31st March	**2022**	**2021**	**2022**	**2021**
Total Income	**2884.30**	2469.29	**2316.36**	1883.91
Total Expenses	**2164.66**	1865.16	**1627.06**	1291.44
Profit before Tax	**719.64**	604.13	**689.30**	592.47
Tax Expenses	**178.60**	152.83	**171.49**	144.68
Profit after Tax	**541.04**	451.30	**517.81**	447.79

(*) including the financial results of ITC Infotech Limited (Infotech UK) and ITC Infotech (USA), Inc. (Infotech USA), wholly owned subsidiaries of your Company, and Indivate Inc., wholly owned subsidiary of Infotech USA.

DIVIDEND

During the year, the Board of Directors of the Company declared, on Equity Share of ₹ 10/- each, the first interim dividend of ₹ 20.50 per share, the second interim dividend of ₹ 14.75 per share and the third interim dividend of ₹ 17.75 per share on 8,52,00,000 Equity Shares, totalling ₹ 53 per share (previous year: ₹ 32.50 per share) and aggregating ₹ 451,56,00,000/- (Rupees Four Hundred Fifty-One crores and Fifty-Six lakhs only). The Board has recommended that the above interim dividends be confirmed as the final dividend for the financial year ended 31st March, 2022.

BUSINESS REVIEW

2021-22 has been a year of transition for the Technology Sector. After demonstrating immense resilience through the COVID-19 pandemic, it is now witnessing a resurgence, notwithstanding the heightened war for talent as a backdrop. Industry body NASSCOM estimates that the annual revenues of the Indian Technology Market has grown 15.5% in FY 2021-22, which is more than twice the pre-pandemic revenue growth in FY 2018-19. Digital and Capability-led opportunities and new models of technology consumption in a 'Everything as a Service' model are expected to continue being the key drivers of growth.

As organizations across the world adapted to new ways of working with a distributed workforce, hybrid operating models are fast becoming the norm. Hiring and training the right talent with a focus on up-skilling and re-skilling played a pivotal role in ensuring that IT Service providers kept pace with the growing demand for talent and evolving client priorities. The focus on employee well-being and personalized engagement continued to be crucial interventions for the distributed workforce.

In this context, your Company remains focused on its strategic pillars of Customer Centricity, Employee Centricity and Operational Excellence. Your Company continued to make dedicated investments to strengthen its capability-driven and industry-focused growth and launched an industry-defining 'ITC Infotech Work From Anywhere' (IWFA) productivity framework to provide its employees the flexibility to work from anywhere with a sustained focus on client priorities and security. Your Company prioritized investments to hire and train the right talent and in building a robust learning & development platform in order to meet its growing demand for high-skilled talent. Your Company also continued to forge new alliances and strengthened existing relationships with Independent Software Vendors (ISVs) to further strengthen its capabilities in focused areas such as Digital Workplace Solutions, Digital Manufacturing and Data analytics. These partnerships are aligned to your Company's vision of taking a leadership role in supporting the Digital Transformation and Software as a Service (SaaS) adoption journey of its clients.

During the year, your Company's consolidated Revenue from Operations was ₹ 2855.10 crores (previous year: ₹ 2453.86 crores), representing a growth of 16.35%, with Profit Before Tax of ₹ 719.64 crores (previous year: ₹ 604.13 crores). Net Profit stood at ₹ 541.04 crores (previous year: ₹ 451.30 crores).

Your Company's business-friendly solutions and new-age capabilities continued to break new ground and gain global recognition across analyst firms. Your Company's Digital Manufacturing capabilities was profiled in an exclusive Briefing Note by ISG titled 'ITC Infotech: Business-friendly Approach Strategically Placing Manufacturers, a Step Ahead of Competitors'. Your Company's Automation capabilities was positioned in the Leadership Zone in the Zinnov Zones Hyper Intelligent Automation Services 2021 for (1) RPA (Small & Medium Service Providers) (2) IT Automation (3) CPG-Retail. During the year, your Company's Digital Workplace capabilities rose to the position of 'Disruptor' in Avasant's Digital Workplace Services 2021 RadarView™.

Your Company remains committed to its vision of providing differentiated, business-friendly offerings to help its clients transform and succeed. Across all aspects of business, Digital Transformation through Software as a Service (SaaS) adoption will continue to accelerate. Your Company will continue to make investments to take a leadership position in enabling its clients succeed in this journey.

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). The overall consideration payable by the Company under the agreement is estimated at USD 115 million over a period of 5 years. Of this, a sum not exceeding USD 35 million is payable upfront upon closing of the transaction which, subject to fulfilment of certain conditions, is expected within 3 months of the date of the agreement.

WHOLLY OWNED SUBSIDIARY COMPANIES

The statement in Form No. AOC-1 containing the salient features of the financial statements of Infotech UK and Infotech USA, wholly owned subsidiaries of your Company, and Indivate Inc., wholly owned subsidiary of Infotech USA, for the financial year 2021-22 is attached to the Financial Statements of the Company.

The highlights of performance of the subsidiaries of your Company and their contribution to the overall performance of your Company during the year under review are set out below:

Company	Revenue		Net Profit	
	2021-22	**2020-21**	**2021-22**	**2020-21**
Infotech UK (in GBP million)	**40.02**	48.80	**0.79**	0.90
Infotech USA (in USD million)	**133.34**	107.93	**2.52**	2.57
Indivate Inc. (in USD million)	**0.42**	0.43	**0.01**	0.02

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in Directors during the year

(Late) Mr. Partho Chatterjee (DIN: 00042208), upon completion of his term of appointment, ceased to be a Director of the Company with effect from 28th July, 2021. Your Board of Directors place on record its appreciation for the contribution made by him during his tenure as Director.

Ms. Priti Balaji was appointed, with your approval, as a Non-Executive Director of the Company, liable to retire by rotation, for a period of three years with effect from 11th August, 2021.

During the year, there were no changes in Key Managerial Personnel of the Company.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 (the Act) read with Articles 143 & 144 of the Articles of Association of the Company, Messrs. B. B. Chatterjee and R. Tandon will retire by rotation at the 26th Annual General Meeting (AGM) of the Company.

Mr. Chatterjee and Mr. Tandon have informed that they would not like to offer themselves for re-election at the 26th AGM. The Board has recommended that the vacancies that will be so caused be not filled up.

BOARD AND BOARD COMMITTEES

The three Board Committees of the Company and their present composition are as follows:

Audit Committee

The Audit Committee of your Company comprises Mr. R. Tandon (Chairman of the Committee), Mr. B. B. Chatterjee and Ms. P. Balaji. The Managing Director and the Chief Financial Officer are Permanent Invitees to the Committee. The Company Secretary serves as the Secretary to the Committee.

During the year under review, Ms. P. Balaji was appointed as a Member of the Committee with effect from 16th July, 2021 and Mr. P. Chatterjee ceased to be Member of the Committee with effect from 28th July, 2021.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of your Company comprises Mr. S. Sivakumar (Chairman of the Committee), Mr. B. B. Chatterjee and Mr. R. Tandon. The Company Secretary serves as the Secretary to the Committee.

During the year under review, Mr. R. Tandon was appointed as a Member of the Committee with effect from 16th July, 2021 and Mr. P. Chatterjee ceased to be Member of the Committee with effect from 28th July, 2021.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of your Company comprises Mr. S. Sivakumar (Chairman of the Committee), Mr. B. B. Chatterjee and Ms. P. Balaji. The Managing Director and the Chief Financial Officer are Permanent Invitees to the Committee. The Company Secretary serves as the Secretary to the Committee.

During the year under review, Ms. P. Balaji was appointed as a Member of the Committee with effect from 16th July, 2021 and Mr. P. Chatterjee ceased to be Member of the Committee with effect from 28th July, 2021.

Number of Board Meetings

Seven meetings of the Board were held during the year ended 31st March, 2022.

ATTRIBUTES, QUALIFICATIONS AND APPOINTMENT OF DIRECTORS

As reported in previous years, the Nomination and Remuneration Committee 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 whom retire every year and are eligible for re-election. All the Non-Executive Directors are / were executives / directors of ITC Limited, the Holding Company. They fulfil the fit and proper criteria for appointment as Directors.

BOARD EVALUATION

The Board carried out for the year under review an evaluation of its own performance and that of the individual Directors and functioning of the Board Committees as required under the Act based on the criteria approved by the Nomination and Remuneration Committee. Reports on functioning of the Board 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 Company's 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 the Company are designed so as 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 organizational capability with market opportunities.

Your Company has adopted the ISO 31000:2018 Risk Management Principles and Guidelines. Accordingly, the Risk Management Policy & Framework has been assessed independently and aligned with the aforesaid global Standard on Risk Management.

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

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 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 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 (CSR Rules), is provided in **Annexure 1** to this Report.

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 the optimal use of energy. With the adoption of IWFA mode of operation, the operating footprint of office spaces were optimized which resulted in an annual reduction of about 42 lakh units of electricity and 14,000 KL of water. Such reductions account for about 60% of the full-scale operation of the office spaces.

II. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of your Company during the year were ₹ 168,293 lakhs (previous year: ₹ 132,942 lakhs) while the outgoings were ₹ 19,179 lakhs (previous year: ₹ 16,045 lakhs).

III. PARTICULARS OF EMPLOYEES

The particulars of employees pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure 2** to this Report.

IV. ANNUAL RETURN

As per provisions of Section 92(3) and Section 134(3)(a) of the Act as amended from time to time, 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

During the year under review, your Company has not given any loans, guarantees or made any investment under Section 186 of the Act.

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 transaction(s) entered into by your Company with its related parties are provided in **Annexure 3** (Form No. AOC-2) to this Report. For this purpose, a transaction with a related party is 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 from Operations of the Company, as per its latest audited financial statements or ₹ 5,000 lakhs, whichever is lower.

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 sub-section (1) of Section 148 of the Act.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of knowledge and 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, 2022, 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 for the financial year ended 31st March, 2022, on a going concern basis, and

v. devised proper systems to ensure compliance with the provisions of applicable laws and such systems were 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

The Company's Auditors, Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, Firm Registration Number 117366W/W-100018 (DHS), will be completing their tenure of appointment of 5 years at the conclusion of the 26th AGM and, being eligible, offer themselves for re-appointment.

Your Board, on recommendation of the Audit Committee, has recommended for the approval of the Members re-appointment of DHS as Statutory Auditors of the Company for a further period of 5 years to hold office from the conclusion of the 26th AGM until the conclusion of the 31st AGM.

Further, 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 remuneration to DHS to conduct the audit of the Standalone Financial Statements for the financial year 2022-23.

Eligibility and Consent letters from DHS have been received to the effect that their appointment as Statutory Auditors of the Company, if appointed at the ensuing Annual General Meeting, would be according to the terms and conditions prescribed under Section 139 of the Act and rules thereunder.

Appropriate resolution seeking your approval in respect of appointment of DHS and their remuneration is included in the Notice convening the 26th AGM of the Company.

(b) Secretarial Auditor

Your Board appointed Ms. Medha Gokhale, CP No.15494, Practising Company Secretary, to conduct the Secretarial Audit of your Company for the financial year ended 31st March, 2022. The report of Ms. Gokhale, in terms of Section 204(1) of the Act, is provided in **Annexure 4** 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 does not tolerate 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. Your Directors place on record their appreciation of the vital contribution made by every employee and for their unstinted support, hard work, solidarity, co-operation and stellar performance, as we continuously adapted to the volatile and evolving circumstances driven by the COVID-19 pandemic, during the year under review.

On behalf of the Board

	S. Sivakumar	**S. Singh**
	Vice Chairman	Managing Director
Date: 3rd May, 2022	Hyderabad	Bengaluru

ANNEXURE 1 TO THE REPORT OF THE BOARD OF DIRECTORS

Annual Report on CSR Activities of the Company for the Financial Year ended 31st March, 2022

1. **Brief outline:**

ITC Infotech India Limited, being a wholly owned subsidiary of ITC Limited ('ITC'), will discharge 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 aligned to the activities listed in Schedule VII read with Section 135 of the Act and the CSR Rules.

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 endeavour to 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 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)	Vice Chairman and Non-Executive Director	4	4
2	Mr. B. B. Chatterjee	Non-Executive Director	4	4
3	Mr. P. Chatterjee, (ceased to be Member w.e.f. 28th July, 2021)	Non-Executive Director	4	2
4	Ms. P. Balaji (appointed as Member w.e.f. 16th July, 2021)	Non-Executive Director	4	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 – https://www.itcinfotech.com/compliance.

4. Provide the details 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 (attach the report) - Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
Nil			

6. Average net profits of the Company as per Section 135(5) – ₹ 314,58,97,303/-

7. (a) Two percent of average net profit of the Company as per Section 135(5) – ₹ 6,29,17,946/-

(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 (7a+7b-7c) - ₹ 6,29,17,946/-

8. (a) 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
₹ 6,36,39,000/-	Nil				

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
Not Applicable												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Read India Plus Programme of Pratham Education Foundation	Promoting education under Clause (ii)	Local Area & Others	Uttarakhand, Uttar Pradesh, Himachal Pradesh, Maharashtra, Telangana, Andhra Pradesh, Tamil Nadu, Karnataka	Haridwar, Saharanpur, Baddi, Pune, Bhadrachalam, Anaparthy, Chirala, Coimbatore, Chennai, Pudukkottai, Mysore, Bangalore, Malur	234.79 lakhs	No	ITC Rural Development Trust	CSR00002776
2	Vocational Skill Training Programme of Pratham Education Foundation	Enhancing vocational skills under Clause (ii)	Local Area & Others	Andhra Pradesh, Telangana, Rajasthan, Chhattisgarh, Madhya Pradesh, Punjab, Uttar Pradesh, Odisha, Maharashtra, Tamil Nadu, Karnataka	Guntur, Prakasam, East Godavari, Pune, Bhadradri, Kothagudem, Medak, Jhalawar, Sukma, Sehore, Vidisha, Damoh, Kapurthala, Lucknow, Kaushambi, Malkangiri, Mallur, Gorakhpur	274.49 lakhs	No	ITC Rural Development Trust	CSR00002776
3	Integrated Watershed Management Programme	Soil and moisture conservation under Clause (iv)	Other area	Rajasthan	Jhalawar	127.11 lakhs	No	ITC Rural Development Trust	CSR00002776

(d) Amount spent in Administrative Overheads – Not Applicable
(e) Amount spent on Impact Assessment, if applicable – Not Applicable
(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 6,36,39,000/-
(g) Excess amount for set off, if any – Not Applicable

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per Section 135(5)	N.A.
(ii)	Total amount spent for the Financial Year	N.A.
(iii)	Excess amount spent for the financial year [(ii)-(i)]	N.A.
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	N.A.
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	N.A.

9. (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 ₹)	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	
N.A.							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
N.A.								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset wise details)**

(a) Date of creation or acquisition of the capital asset(s).	Nil
(b) Amount of CSR spent for creation or acquisition of capital asset.	Nil
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc	Nil
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Nil

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per Section 135(5) – Not applicable

S. Sivakumar
Chairman - CSR Committee
Hyderabad

S. Singh
Managing Director
Bengaluru

Date: 3rd May, 2022

ANNEXURE 2 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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	49	Managing Director & Chief Executive Officer	7,78,69,923	4,38,84,745	M.B.A.	24	28-Jan-19	Infosys Ltd. Global Industry Head - Energy, Utilities, Resources & Services Segment
KUMAR VISHAL #	51	President - ROW	3,05,77,339	3,05,77,339	B.E.	29	13-Jan-03	PSI Data Systems Ltd. Sales & Marketing Manager
BATRA RAKESH ###	58	Chief Financial Officer	2,05,14,325	92,18,836	B. COM(H), FCA	36	01-Sep-06	–
PATNI MUDIT ##	41	General Manager - Business Development	2,03,77,099	1,06,92,850	PGDM	18	01-Feb-19	Rockwell Automation Business Development Manager
RAMAKICHENIN JULIEN ##	34	Client Engagement Partner	1,87,78,103	87,46,612	B.E.	12	01-Jul-21	Accor Vice President Distribution and Integration Systems
SEN ARIJEET ##	39	Vice President	1,80,19,025	95,39,332	M.B.A.	17	01-Nov-16	L&T Technology Services Ltd. Senior Business Development Manager
PAUL DEBJYOTI	49	President - IT Services	1,75,80,226	1,13,36,749	PGDM	24	30-Dec-19	Microsoft Architect Manager
RAJESH B.A.B #	54	General Manager - IT Services	1,49,96,717	82,65,580	B.Sc.	30	12-Jan-10	Bristlecone India Ltd. Manager - Delivery
AKHAURY UMANG #	40	General Manager - Business Development	1,47,16,047	92,21,171	M.B.A.	15	08-Nov-15	Tata Consultancy Services Business Development Manager
BURMAN SUCHISMITA (separated from the services of the Company)	46	Chief Human Resources Officer	1,43,79,215	94,46,564	M.P.M	22	07-Jun-19	Deloitte Consulting Vice President

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
VAKKALAGADDA SRIDHAR ##	45	Senior Project Manager	1,33,29,155	62,53,280	M.C.A	18	02-Jan-20	Tata Consultancy Services Ltd. Program Manager
OCHANI ANUP #	45	Vice President - Business Development	1,31,29,727	1,31,29,727	B.E.	24	12-Nov-07	Aptiva Consulting Project Manager
KUMAR SANDEEP	51	Senior Vice President & Head Global Consulting	1,28,91,325	84,21,702	B.E., PGDM	26	26-Mar-12	Infosys Limited Industry Principal
SHARMA MANISH ## (separated from the services of the Company)	35	Senior Manager - Business Development	1,23,07,341	66,53,549	M.B.A.	14	08-Oct-19	Tata Consultancy Services Ltd. Manager - Business Development
SHANKARAN SUNDARESH	52	President - Manufacturing & CPG	1,21,78,588	79,71,059	B.E.	30	06-Jan-20	Infosys Limited Vice President
BALAKRISHNAN BRIJESH	46	President - CIO Services	1,20,34,577	78,38,829	PGDM	24	20-May-21	CSS Corp Pvt. Ltd., Senior Vice President & Delivery Head
EMMANUEL JAISMON	47	Senior Vice President - Business Excellence	1,18,70,552	79,25,342	B.TECH.	22	31-Jul-19	UST Global Senior Director
RAJASEKHAR V V	57	Senior Vice President	1,14,84,491	75,19,158	M.B.A.	33	01-Jun-89	Blue Star Ltd., Sales Engineer
PARALIKAR SALIL RAJEEV #	45	General Manager - Business Development	1,13,74,318	73,56,278	B.TECH.	23	19-Nov-09	Wipro Project Manager
SINGH MUKESH KUMAR #	42	Senior Project Manager	1,12,14,823	60,33,852	B.Sc	16	05-Jan-17	IDS Next Software Solutions Product Manager
KUMAR UDAY BH #	32	Lead Consultant	1,09,95,096	59,88,820	B.E.	11	31-May-17	SM Netserv Technologies Pvt. Ltd., Technical Lead
JOSHI PRAVEEN KUMAR MC #	43	Lead Consultant	1,09,16,050	50,69,838	M.C.A	18	27-Mar-19	Destinations of the World DMCC, Business Analyst
DAS ANANTA #	41	General Manager - Supply Chain	1,08,44,797	49,27,700	PGDIM	16	12-Apr-10	Infosys Limited Test Analyst
SIDDHARTH SEKHAR #	33	Lead Consultant	1,07,62,763	47,46,799	B.Sc	12	03-Dec-12	Ness Technologies QA Engineer
SHAH SANJAY V ###	61	Senior Vice President & Company Secretary	1,05,27,109	51,61,378	B.Com, ACA, ACS	38	13-Dec-00	-

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
RAY KAUSHIK	51	Chief Human Resources Officer	28,72,655	21,65,031	M.B.A.	25	09-Feb-22	Dr. Reddy's Laboratories Vice President - HR
KSHETRAPAL ADITYA (separated from the services of the Company)	45	Vice President - Business Development	92,59,295	63,53,254	M.B.A.	21	10-Nov-14	Capgemini India Private Ltd. Senior Manager
KAKKAR ASHU	51	Chief Information Officer	73,82,057	51,16,147	M.B.A.	27	08-Sep-21	HCL Technologies Vice President - Global Information Technology
CHAWLA GAURAV	49	Vice President - Business Development	32,62,285	23,25,821	M.B.A.	22	31-Dec-21	IBM India, General Manager

Notes :-

1. # On secondment to a foreign branch; ## Employed / hired directly by a foreign branch; gross and net remuneration converted into Indian Rupees at the average of the month end inter-bank exchange rate.
2. ### On deputation from ITC Ltd., the Holding Company (ITC); remuneration borne by the Company as per the terms of deputation of services.
3. Remuneration includes salary, performance bonus, allowances, incentives, severance pay, joining bonus, contribution to Provident Fund & approved Pension Fund and other benefits / applicable perquisites, 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.
4. Net Remuneration comprises cash income less (a) income tax, surcharge (as applicable) & education cess deducted at source and (b) managers own contribution to Provident Fund.
5. 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 grants have not been considered as remuneration.
6. All appointments are / were contractual in accordance with terms & conditions as per Company's rules.
7. 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
Bengaluru

Date: 3rd May, 2022

ANNEXURE 3 TO THE REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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 - ₹ 17,686 lakhs
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 (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 - Payment upon receipt of invoice - Value of transactions during the year - ₹ 21,849 lakhs
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 - Payment upon receipt of invoice - Value of transactions during the year - ₹ 61,582 lakhs
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	Russell Credit Limited (Russell), Fellow Subsidiary
b)	Nature of contracts / arrangements / transactions	Unsecured Inter-Corporate Loan of ₹ 10,000 lakhs from Russell
c)	Duration of the contracts / arrangements / transactions	One year
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	- Simple Interest payable at 7.75% per annum - The Company may from time to time repay the loan in part or in full and may again borrow depending on business requirements provided that the total amount of loan outstanding at any point of time shall not exceed ₹ 10,000 lakhs - Loan received during the year- Nil - Loan repaid during the year- Nil - Interest paid during the year- Nil
e)	Date(s) of approval by the Board, if any	4th February, 2019 11th January, 2022 (Audit Committee)
f)	Amount paid as advances, if any	Nil

On behalf of the Board

S. Sivakumar
Vice Chairman
Hyderabad

S. Singh
Managing Director
Bengaluru

Date: 3rd May, 2022

ANNEXURE 4 TO THE REPORT OF THE BOARD OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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
Virginia House, 37, J. L. Nehru Road
Kolkata, West Bengal, India - 700071

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by **ITC Infotech India Limited** ('the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company and its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion and to the best of my understanding, the Company has, during the audit period covering the financial year ended **31st March, 2022**, complied with the statutory provisions listed hereunder and also that the Company has adequate Board–processes and compliance-mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minutes, forms and returns filed and other relevant records maintained by the Company and made available to me for the financial year ended 31st March, 2022, according to the applicable provisions of:

a. The Companies Act, 2013 and the Rules made thereunder,

b. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment,

c. Other laws applicable to the Company, namely:

   1. The Information Technology Act, 2000 and the rules made thereunder;

   2. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;

   3. The Shops & Establishments Act, 1961.

I have also examined compliance with the applicable clauses of Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.

On the basis of the Audit as referred above and to the best of my knowledge, understanding and belief, I am of the view that during the year under review, the Company has complied with the applicable provisions of the Acts, Rules, Regulations, Guidelines & Standards mentioned above.

I FURTHER REPORT THAT:

a. The Board of Directors of the Company is duly constituted with proper balance of Executive Director and Non-Executive Directors. The changes in the composition of the Board of Directors of the Company that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.

b. Adequate notices were given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in compliance with the provisions of the Companies Act, 2013, the Rules made thereunder and the Secretarial Standard as applicable and an appropriate 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. There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Acts mentioned above, the Rules, Regulations and Guidelines framed under the said Acts against / on the Company, its Directors and Officers.

I further report that based on the information provided by the Company and also on the review of the compliance certificates / reports taken on record by the Board of Directors of the Company, in my opinion, 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.

I further report that during the Audit Period, the Company has not incurred any specific event or action that can have a major bearing on the Company's compliance responsibilities in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards etc.

This Report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this Report.

Medha Gokhale
CP No.: 15494
FCS No.: 11505
UDIN: F011505D000258191

Date: 3rd May, 2022
Place: Bengaluru

Annexure A

To,

The Members,

ITC Infotech India Limited

Virginia House, 37, J. L. Nehru Road

Kolkata, West Bengal, India - 700071

My Secretarial Audit Report for the financial year ended 31st March, 2022, is to be read along with this letter.

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to compliances.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the records so provided. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. Whenever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
4. The compliance of various provisions of applicable Laws, Rules, Regulations and Standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
5. The compliance by the Company of applicable financial & tax Laws and maintenance, correctness & appropriateness of financial records and books of accounts have not been reviewed in this audit.
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.

Medha Gokhale
CP No.: 15494
FCS No.: 11505
UDIN: F011505D000258191

Date: 3rd May, 2022
Place: Bengaluru

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 March 31, 2022, 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 March 31, 2022, 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 specified under Section 143(10) of the Act (the "SAs"). 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.

Management's Responsibility 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 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 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 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 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 March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 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 has long-term contracts as at March 31, 2022 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2022.

   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, 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 (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, 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;

   (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 the Statement of Changes in Equity of the standalone financial statements, the interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.

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)
Anand Subramanian
Partner
(Membership No. 110815)
UDIN : 22110815AIIZGK2503

Place: Bengaluru
Date: May 03, 2022

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 ITC Infotech India Limited ("the Company") as of March 31, 2022 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 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 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, 2022, 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 LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)
Anand Subramanian
Partner
(Membership No. 110815)
UDIN : 22110815AIIZGK2503

Place: Bengaluru
Date: May 03, 2022

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 and right-of-use assets so to cover all the Property, Plant and Equipment 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 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 March 31, 2022 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 not provided any loans or advances in the nature of loans to any other entity during the year, and hence reporting under clause 3(iii)(a) of the Order is not applicable.

(b) The terms and conditions of the grant of loans, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans granted 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 generally been regular as per stipulation.

(d) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(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) is not applicable.

The Company has not made any investments in, provided any guarantee or security, to companies, firms, Limited Liability Partnerships or any other parties during the year.

(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 March 31, 2022 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, 2022 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	122.62*
Finance Act, 1994	Service tax including interest and penalty	Commissioner	July 1, 2011 to June 30, 2017	541.29#

* 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 taken any loans or 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 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 any borrowings (loans) during the year 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 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 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 are 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)
Anand Subramanian
Partner
(Membership No. 110815)
UDIN : 22110815AIIZGK2503

Place: Bengaluru
Date: May 03, 2022

BALANCE SHEET AS AT 31ST MARCH, 2022

	Note No.	As at 31st March, 2022 (₹ in Lakhs)	As at 31st March, 2021 (₹ in Lakhs)
I ASSETS			
1 Non-current Assets			
a) Property, Plant and Equipment	2	3,604	3,458
b) Capital-work-in-progress	2	87	–
c) Other Intangible Assets	2	409	504
d) Right-of-Use Assets	2	357	85
e) Financial Assets			
(i) Investments	3 (a)	8,704	8,704
(ii) Others	5 (a)	139	–
f) Deferred Tax Assets (Net)	9	3,470	2,684
g) Income Tax Assets (Net)	10	2,436	1,813
h) Other Non-Current Assets	11 (a)	241	283
Sub-Total		**19,447**	17,531
2 Current Assets			
a) Financial Assets			
i) Investments	3 (b)	6,904	26,767
ii) Trade Receivables	6	27,696	17,897
iii) Cash and Cash Equivalents	7	976	852
iv) Other Bank Balances	8	20,000	10,000
v) Loans	4	0	3
vi) Others	5 (b)	26,906	16,523
b) Other Current Assets	11 (b)	3,992	4,044
Sub-Total		**86,474**	76,086
TOTAL		**1,05,921**	93,617
II EQUITY AND LIABILITIES			
1 Equity			
a) Equity Share Capital	12	8,520	8,520
b) Other Equity		69,180	62,574
Sub-Total		**77,700**	71,094
2 Non-current Liabilities			
a) Financial Liabilities			
i) Lease Liabilities	25	29	–
ii) Other Financial Liabilities	13 (b)	1,134	1,340
b) Provisions	14 (a)	1,891	1,411
Sub-Total		**3,054**	2,751
3 Current Liabilities			
a) Financial Liabilities			
i) Lease Liabilities	25	334	98
ii) Trade Payables			
– Total outstanding dues of micro and small enterprises	13 (a)	37	112
– Total outstanding dues other than micro and small enterprises	13 (a)	6,596	5,865
iii) Other Financial Liabilities	13 (c)	13,017	10,167
b) Other Current Liabilities	15	4,203	2,486
c) Provisions	14 (b)	980	1,044
Sub-Total		**25,167**	19,772
TOTAL		**1,05,921**	93,617

The accompanying notes 1 to 38 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,
Firm Registration Number : 117366 W/W- 100018
Chartered Accountants

On behalf of the Board

Anand Subramanian
Partner
Membership Number : 110815

S. Singh
Managing Director
Bengaluru

S. Sivakumar
Vice Chairman
Hyderabad

R. Batra
Chief Financial Officer
Bengaluru

S. V. Shah
Company Secretary
Bengaluru

Place : Bengaluru
Date : 03 May, 2022

Date : 03 May, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

		Note No.	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
I	**Revenue from Operations**	16	2,28,857	1,83,498
II	**Other Income**	17	2,779	4,893
III	**Total Income**		**2,31,636**	1,88,391
IV	**Expenses**			
	Employee Benefits Expense	18	1,27,221	1,02,870
	Finance Costs	19	142	19
	Depreciation and Amortisation Expense	2	2,279	2,583
	Other Expenses	20	33,064	23,672
	Total Expenses		**1,62,706**	1,29,144
V	**Profit Before Tax (III-IV)**		**68,930**	59,247
VI	**Tax Expenses**	21 (a)		
	Current Tax		17,923	15,425
	Deferred Tax Credit		(774)	(957)
			17,149	14,468
VII	**Profit for the Year (V-VI)**		**51,781**	44,779
VIII	**Other Comprehensive Income**			
	(a) Items that will not be Reclassified Subsequently to Profit or Loss			
	(i) Remeasurement of Net Defined Benefit Liability		(48)	846
	(ii) Less: Tax Relating to Items that will not be reclassified subsequently to Profit or Loss	21 (b)	(12)	213
	(b) (i) Items that will be reclassified to Profit or Loss		–	–
	(ii) Tax relating to items that will be reclassified to Profit or Loss		–	–
	Total Other Comprehensive Income		**(36)**	633
IX	**Total Comprehensive Income for the Year (VII+VIII)**		**51,745**	45,412
X	**Earnings Per Share (in `) (Face value ` 10 each) (Basic and Diluted)**	27	60.78	52.56

The accompanying notes 1 to 38 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,
Firm Registration Number : 117366 W/W- 100018
Chartered Accountants
Anand Subramanian
Partner
Membership Number : 110815

Place : Bengaluru
Date : 03 May, 2022

On behalf of the Board

S. Singh
Managing Director
Bengaluru

S. Sivakumar
Vice Chairman
Hyderabad

R. Batra
Chief Financial Officer
Bengaluru

S. V. Shah
Company Secretary
Bengaluru

Date : 03 May, 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

A. Equity Share Capital (₹ in Lakhs)

Balance at 1st April, 2020	Changes in Equity Share Capital during the year	Balance at 31st March, 2021	Changes in Equity Share Capital during the year	Balance at 31st March, 2022
8,520	–	8,520	–	**8,520**

B. Other Equity (₹ in Lakhs)

	Retained Earning	Capital Contribution for Share Based Payments	Total
Balance as at 1st April, 2021	**51,581**	**10,993**	**62,574**
- Profit for the Year	51,781	–	51,781
- Remeasurement of Net Defined Benefit Liability (Net of Tax)	(36)	–	(36)
Total Comprehensive Income	**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**
Balance as at 1st April, 2020	33,041	11,971	45,012
- Profit for the Year	44,779	–	44,779
- Remeasurement of Net Defined Benefit Liability (Net of Tax)	633	–	633
Total Comprehensive Income	**45,412**	–	**45,412**
- Payment of Interim Dividend * : @ ₹ 17.75/- per share on 8,52,00,000 Shares: ₹ 15,123 Lakhs @ ₹ 14.75/- per share on 8,52,00,000 Shares: ₹ 12,567 Lakhs	(27,690)	–	(27,690)
- Recognition of Share Based Payment (Refer Note 29)	–	(160)	(160)
- Options Lapsed during the Year	818	(818)	–
Balance as at 31st March, 2021	**51,581**	10,993	62,574

* 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.
The accompanying notes 1 to 38 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,
Firm Registration Number : 117366 W/W- 100018
Chartered Accountants
Anand Subramanian
Partner
Membership Number : 110815

Place : Bengaluru
Date : 03 May, 2022

On behalf of the Board

S. Singh
Managing Director
Bengaluru

S. Sivakumar
Vice Chairman
Hyderabad

R. Batra
Chief Financial Officer
Bengaluru

S. V. Shah
Company Secretary
Bengaluru

Date : 03 May, 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

		For the year ended 31st March, 2022 (₹ in Lakhs)		For the year ended 31st March, 2021 (₹ in Lakhs)	
A	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	PROFIT BEFORE TAX		68,930		59,247
	ADJUSTMENTS FOR :				
	Depreciation and Amortisation Expense	2,279		2,583	
	Dividend Income from Subsidiary Company	–		(2,739)	
	Net Gain on Sale of Investments	(818)		(970)	
	Property, Plant and Equipment - Loss on Sale / Discarded [net]	3		21	
	Unrealised (Gain) / Loss on Exchange [net]	(328)		221	
	Share based Payments to Employees [charge/(credit)]	17		(112)	
	Provision for Doubtful Receivables and Advances [charge]	345		689	
	Interest Income	(714)		(167)	
	Finance Costs on Lease Liabilities	16		19	
	Liabilities no Longer Required Written Back	(72)	728	–	(455)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		69,658		58,792
	ADJUSTMENTS FOR :				
	Trade Receivables, Loans and Advances and Other Assets	(19,942)		(174)	
	Trade Payables, Other Liabilities and Provisions	3,819	(16,123)	3,182	3,008
	CASH FROM OPERATIONS		53,535		61,800
	Income Tax Paid (Net)		(18,543)		(14,902)
	NET CASH FROM OPERATING ACTIVITIES		**34,992**		46,898
B	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Property, Plant and Equipment	(2,042)		(1,257)	
	Purchase of Current Investments	(4,03,880)		(3,55,186)	
	Investment in Bank Deposits (original maturity more than 3 months)	(20,000)		(10,000)	
	Maturity of Bank Deposits (original maturity more than 3 months)	10,000		–	
	Sale / Redemption of Current Investments	4,24,561		3,44,490	
	Sale of Property, Plant and Equipment	40		22	
	Interest Received on maturity of Bank Deposits	417		–	
	Dividend Income from Subsidiary Company	–		2,739	
	NET CASH FROM / USED IN INVESTING ACTIVITIES		**9,096**		(19,192)
C	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Interim Dividend on Equity Shares (Net of TDS)	(40,640)		(25,613)	
	Tax Deducted at Source on Dividend	(3,003)		(2,077)	
	Lease Payments	(328)		(308)	
	NET CASH (USED) IN FINANCING ACTIVITIES		**(43,971)**		(27,998)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**117**		(292)
	OPENING CASH AND CASH EQUIVALENTS		**853**		1,145
	CLOSING CASH AND CASH EQUIVALENTS		**970**		853
	CASH AND CASH EQUIVALENTS COMPRISE :				
	Cash and Cash Equivalents as above	970		853	
	Unrealised Gain / (Loss) on Foreign Currency Cash and Cash Equivalents	6		(1)	
	Cash and Cash Equivalents (Note 7)		976		852

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 38 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,
Firm Registration Number : 117366 W/W- 100018
Chartered Accountants

Anand Subramanian
Partner
Membership Number : 110815

Place : Bengaluru
Date : 03 May, 2022

On behalf of the Board

S. Singh
Managing Director
Bengaluru

S. Sivakumar
Vice Chairman
Hyderabad

R. Batra
Chief Financial Officer
Bengaluru

S. V. Shah
Company Secretary
Bengaluru

Date : 03 May, 2022

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.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19) : The Company has considered the possible effects that may arise out of the COVID-19 pandemic on the carrying amounts of trade receivables, unbilled revenues, investments, 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. The Company has also performed sensitivity analysis on the assumptions used, and based on current estimates, does not expect any significant impact on such carrying values.

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, as Miscellaneous Income, under Other income, in case of net gain or as part of Property Plant and Equipment Discarded, net under Other Expenses, in case of net 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 represents 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.

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

Derivative financial instruments, such as forward exchange contracts, are used to hedge foreign currency risks from an economic perspective, however these instruments are not considered as hedging instrument under IndAS 109. 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.

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

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 investments, trade receivables, advances, security deposits and 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 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, in view of the pandemic relating to COVID -19, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of credit loss in future and has taken into account estimates of possible effect from the COVID - 19 scenario.

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 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.

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 "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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 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

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 March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, inter alia, as below:

Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Note 2 : PROPERTY, PLANT AND EQUIPMENT, OTHER INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS - FY 2021-22

(₹ in Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 31st Mar, 2021	Additions	Withdrawals / Adjustments	As at 31st March, 2022	As at 31st Mar, 2021	Charge for the Year	Withdrawals / Adjustments	As at 31st March, 2022	As at 31st March, 2022	As at 31st Mar, 2021
i) TANGIBLE ASSETS										
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	–	–	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**
ii) CAPITAL-WORK-IN-PROGRESS (CWIP)										
Capital-work-in-progress (Refer Note 2A below)	–	87	–	87	–	–	–	–	87	–
iii) 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**
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.

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.

Note 2 : PROPERTY, PLANT AND EQUIPMENT, OTHER INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS - FY 2020-21

(₹ in Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 31st Mar, 2020	Additions	Withdrawals / Adjustments	As at 31st March, 2021	As at 31st Mar, 2020	Charge for the Year	Withdrawals / Adjustments	As at 31st March, 2021	As at 31st March, 2021	As at 31st Mar, 2020
(i) TANGIBLE ASSETS										
Leasehold Properties - Building Improvement	923	-	119	804	812	22	119	715	89	111
Plant and Equipment	438	1	0	439	152	198	0	350	89	286
Furniture and Fixtures	937	8	-	945	477	316	-	793	152	460
Motor Vehicles	9	-	-	9	7	1	-	8	1	2
Office Equipment	855	22	7	870	646	63	6	703	167	209
Computers, Servers and Networks	5,400	1,052	529	5,923	2,985	928	487	3,426	2,497	2,415
Electrical Installations and Equipment	1,739	8	0	1,747	784	500	0	1,284	463	955
SUB TOTAL	**10,301**	**1,091**	**655**	**10,737**	**5,863**	**2,028**	**612**	**7,279**	**3,458**	**4,438**
ii) OTHER INTANGIBLE ASSETS										
Capitalised Software	2,953	215	-	3,168	2,391	273	-	2,664	504	562
GRAND TOTAL	**13,254**	**1,306**	**655**	**13,905**	**8,254**	**2,301**	**612**	**9,943**	**3,962**	**5,000**
Right-of-Use Assets										
Right-of-Use Assets - Buildings [Refer Note 1 (m)]	656	-	60	596	290	282	61	511	85	366
TOTAL	656	-	60	596	290	282	61	511	85	366

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.

3. INVESTMENTS

(₹ in Lakhs)

	As at 31st March, 2022	As at 31st March, 2021
3 (a) Non-Current		
In Subsidiaries		
Investments in Equity Instruments- (At Cost) Unquoted		
ITC Infotech Limited (UK) 685,815 (2021 - 685,815) Equity Shares of GBP 1 each, fully paid	687	687
ITC Infotech (USA), Inc. 182,000 (2021 - 182,000) Ordinary Shares without par value, fully paid	8,017	8,017
Total	8,704	8,704

(₹ in Lakhs)

	As at 31st March, 2022	As at 31st March, 2021
3 (b) Current (at fair value through profit or loss)		
Investment in Mutual Funds - Unquoted		
Axis Liquid Fund - 293,791 units (2021 - Nil Units) of ₹ 1,000 Each	6,904	–
SBI Liquid Fund -Nil units (2021 - 371,803 Units) of ₹ 1,000 Each	–	11,909
Kotak Liquid Plan - Nil units (2021 - 287,577 Units) of ₹ 1,000 Each	–	11,908
UTI Liquid Cash Plan - Nil units (2021 - 87,975 Units) of ₹ 1,000 Each	–	2,950
Total	6,904	26,767

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

	As at 31st March, 2022	As at 31st March, 2021
4 LOANS		
4 (a) Current		
Loans to Employees		
– Unsecured, Considered Good	0	3
– Unsecured, Considered Doubtful	2	–
Less : Allowance for Doubtful Loans	(2)	–
Total	0	3
5 OTHER FINANCIAL ASSETS		
5 (a) Non-Current		
Unsecured Considered Good, Unless otherwise Stated		
Security Deposits (includes deposits for Company accommodations, offices etc.)	139	–
Total	139	–

(₹ in Lakhs)

	As at 31st March, 2022	As at 31st March, 2021
5 (b) Current		
Unbilled Revenue - time and material basis *	26,160	16,026
Security Deposits (includes deposits for Company accommodations, offices etc.)	60	218
Foreign Currency Forward Contracts	140	60
Interest Accrued on Deposits	451	154
Advances (includes advance to employees)	95	65
Total	26,906	16,523

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

	As at 31st March, 2022	As at 31st March, 2021
6 TRADE RECEIVABLES		
Unsecured, Considered Good	28,205	18,408
Credit Impaired	674	733
	28,879	19,141
Less: Expected Credit Loss Allowance	(1,183)	(1,244)
Total	27,696	17,897

(₹ 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)

Trade Receivables as at 31st March, 2021	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	14,712	3,516	355	(37)	(58)	(80)	18,408
Undisputed Trade Receivables - credit impaired	-	24	342	327	8	32	733
Gross	**14,712**	**3,540**	**697**	**290**	**(50)**	**(48)**	**19,141**
Less : Expected Credit Loss Allowance							1,244
Net							**17,897**

(₹ in Lakhs)

	As at 31st March, 2022	As at 31st March, 2021
7 CASH AND CASH EQUIVALENTS *		
Balances with Banks :		
Current Accounts	976	852
Total	976	852

* 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, 2022	As at 31st March, 2021
8 OTHER BANK BALANCES		
In Deposit Accounts*	20,000	10,000
Total	20,000	10,000

* 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, 2022	As at 31st March, 2021
9 DEFERRED TAX ASSETS (NET)		
Deferred Tax Assets	3,471	2,689
Less: Deferred Tax Liabilities	1	5
Deferred Tax Assets (Net)	3,470	2,684

Movement in Deferred Tax

	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	635	112	–	747
Total Deferred Tax Assets	2,689	770	12	3,471
Deferred Tax Liabilities :				
Other timing differences	5	(4)	0	1
Total Deferred Tax Liabilities	5	(4)	–	1
Deferred Tax Assets (Net)	2,684	774	12	3,470

(₹ in Lakhs)

	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
FY 2020-21				
Deferred Tax Assets :				
On provision for employees' separation and retirement etc.	693	519	(213)	999
On provision for doubtful receivables and advances	191	122	–	313
On fiscal allowances on property, plant and equipment	616	126	–	742
Other timing differences	440	195	–	635
Total Deferred Tax Assets	1,940	962	(213)	2,689
Deferred Tax Liabilities :				
Other timing differences	–	5	–	5
Total Deferred Tax Liabilities	–	5	–	5
Deferred Tax Assets (Net)	1,940	957	(213)	2,684

(₹ in Lakhs)

	As at 31st March, 2022	As at 31st March, 2021
10 INCOME TAX ASSETS (NET)		
Advance Tax (Net of Provision for Income Tax)	2,436	1,813
Total	2,436	1,813
11 OTHER ASSETS		
11(a)Non-Current		
Advances other than Capital Advances		
Advances with Statutory Authorities	58	84
Other Advances (Unexpired Expenses)	183	199
Total	241	283
11(b)Current		
Unbilled Revenue - percentage of completion *	1,773	2,175
Advances other than Capital Advances		
Other Advances (includes Unexpired Expenses)	1,769	1,483
Advance to related parties (Refer Note 34)	450	386
Total	3,992	4,044

*Contractual right to consideration is dependent on completion of contractual milestones. During the year ended March 31, 2022 and 2021, INR 2154 lakhs and INR 902 lakhs, respectively, of Unbilled Revenue - percentage of completion pertaining to fixed price development contracts have been reclassified to Trade Receivables on completion of milestones.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2022	(₹ in Lakhs) As at 31st March, 2021
12 EQUITY SHARE CAPITAL		
Authorised:		
8,60,00,000 (2021 - 8,60,00,000) Equity Shares of ₹10 each	**8,600**	8,600
Issued and subscribed :		
8,52,00,000 (2021 - 8,52,00,000) Equity Shares of ₹10 each, fully paid (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. No new equity shares have been issued during the year.)	**8,520**	8,520
Total	**8,520**	8,520

Shared held by Promoters

Particulars		As at 31 March 2022			As at 31 March 2021		
	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	8,52,00,000	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, 2022	Particulars Outstanding for following periods							
	Not Due	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**

Trade Payable as at 31st March, 2021	Particulars Outstanding for following periods							
	Not Due	Accrued	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	112	-	-	-		-	-	112
Others	716	4,080	875	37	74	22	61	5,865
Total	**828**	**4,080**	**875**	**37**	**74**	**22**	**61**	**5,977**

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 Mar'22	Relationship with the struck off company, if any, to be disclosed
Thought Works Consulting Private Limited*	Payables	1	Vendor

*Transaction during the year is ₹ 1 lakh

Name of the struck off company	Nature of transactions with struck off company	Balance outstanding as at 31st Mar'21	Relationship with the struck off company, if any, to be disclosed
Future Makers Global Private Limited	Payables	**	Vendor

*** Less than ₹ 1 lakh. Balance as at 1st April 2020, subsequently written-back in FY 2022.

	As at 31st March, 2022	(₹ in Lakhs) As at 31st March, 2021
13 (b) Non- Current		
Employee Payable	**1,075**	1,302
ESAR Liability (Refer to Note 34)	**59**	38
Total	**1,134**	1,340
13 (c) Current		
Employee Payable	**12,621**	9,910
Foreign Currency Forward Contracts	**53**	50
ESAR Liability (Refer to Note 34)	**22**	5
Other Liabilities [includes payables for property, plant and equipment ₹ 314 Lakh (2021 - ₹ 201 Lakh)]	**321**	202
Total	**13,017**	10,167
14 PROVISIONS		
14(a) Non- Current		
Provision for Employee Benefits*		
Retirement Benefits	**544**	414
Compensated Absences	**1,347**	997
Total	**1,891**	1,411

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2022	(₹ in Lakhs) As at 31st March, 2021
14 (b) Current		
Provision for Employee Benefits*		
Retirement Benefits	292	39
Compensated Absences	688	1,005
Total	980	1,044

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

15 OTHER CURRENT LIABILITIES		
Statutory Dues	4,094	2,098
Inter-company payable (Refer to Note 34)	13	214
Unearned Revenue	96	174
[Out of last year's amount of ₹ 174 Lakhs (423 Lakhs in FY 2020), revenue recognised in current year is ₹ 172 Lakhs (420 Lakhs in FY 2021)]		
Total	4,203	2,486

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
16 REVENUE FROM OPERATIONS		
Sale of Services*		
Exports	1,68,189	1,30,076
Domestic	59,908	52,824
Resale of Software and Hardware (including Support Charges)*		
Exports	104	128
Domestic	584	470
Total Sales#	2,28,785	1,83,498
OTHER OPERATING REVENUES	72	–
Total	2,28,857	1,83,498

* 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 March 31, 2022 and March 31, 2021 is approximately 42% and 39%, respectively.

17 OTHER INCOME		
Interest Income	1,069	167
Dividend Income	–	2,739
Other Gains	1,598	1,902
Miscellaneous Income	112	85
Total	2,779	4,893
Interest income comprises Interest from:		
Deposits	714	167
Others (from statutory authorities)	355	–
	1,069	167
Dividend income comprises dividend from:		
Investment in Subsidiary Companies	–	2,739
Other Gains		
Net Foreign Exchange Gains	780	932
Net Gain on Investments [includes unrealised gain: ₹ 3 Lakhs (FY 21: ₹ 19 Lakhs)]	818	970
	1,598	1,902
18 EMPLOYEE BENEFITS EXPENSE		
Salaries and Bonus	1,20,535	96,529
Contribution to Provident and Other Funds (Refer Note 26)	4,366	4,563
Share based Payments to Employees (Refer Note 29)	55	(78)
Staff Welfare Expenses	1,348	1,058
Reimbursement of Contractual Remuneration, net	917	798
Total	1,27,221	1,02,870
19 FINANCE COSTS		
Interest Expense		
On Lease Liabilities, Statutory Dues etc.	142	19
Total	142	19

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
20	**OTHER EXPENSES**		
	Rent (Refer Note 25)	**1,941**	2,074
	Rates and Taxes	**421**	51
	Insurance	**1,043**	769
	Travelling and Conveyance	**3,708**	3,395
	Recruitment Expenses	**1,253**	685
	Communication	**708**	758
	Power and Fuel	**355**	531
	Outsourcing Charges	**11,572**	7,311
	Software and Related Expenses	**3,559**	3,245
	Purchase of Hardware and Software for Resale (including Support Charges)	**489**	461
	Business Development Expenses	**1,242**	581
	Repairs and Maintenance		
	– Buildings	**75**	115
	– Machinery	**117**	186
	– Others	**48**	66
	Legal, Professional and Consultancy Expenses	**4,309**	1,382
	Doubtful and Bad Receivables	**343**	689
	Doubtful and Bad Loans and Advances	**2**	–
	Property, Plant and Equipment Discarded, net	**3**	21
	Auditor's Remuneration and Expenses (Refer Note 28)	**41**	38
	Expenditure on Corporate Social Responsibility (Refer Note 22)	**636**	281
	Training and Development	**443**	452
	Bank Charges	**86**	85
	Printing and Stationery	**16**	8
	Miscellaneous Expenses	**654**	488
	Total	**33,064**	23,672
21	**TAX EXPENSES**		
21(a)	**Tax Expense Recognised in Statement of Profit and Loss**		
	Current Tax	**18,085**	15,125
	[including tax on foreign branches ₹ 105 Lakhs (2021 - ₹ 201 Lakhs)]		
	(Credits) / Charge related to previous years	**(162)**	300
		17,923	15,425
	Deferred Tax (Credit)	**(554)**	(657)
	(Credits) related to previous years	**(220)**	(300)
		(774)	(957)
	Total	**17,149**	14,468
21(b)	**Tax Expense Recognised in Other Comprehensive Income**		
	Deferred Tax (Credit) / Charge		
	Arising on Remeasurement of Net Defined Benefit Liability	**(12)**	213
	Total	**(12)**	213
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	**68,930**	59,247
	Income tax expense calculated at 25.168% (2021- 25.168%)	**17,348**	14,911
	Effects of:		
	- Other differences	**183**	(443)
	- Adjustments recognised in the current year in relation to the current tax of prior years	**(382)**	–
	Income Tax expenses recognised in Statement of Profit and Loss	**17,149**	14,468

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 ₹ 636 Lakhs (2021 - ₹ 281 Lakhs).

b) Amount spent during the year in cash for purpose other than construction / acquisition of an asset ₹ 636 Lakhs (2021 - ₹ 281 Lakhs).

c) Nature of CSR activities in the year are promoting education, enhancing vocational skills and soil and moisture conservation through the ITC Rural Development Trust.

23 Commitments and Contingencies

a) There are contracts remaining to be executed on capital account and not provided ₹ 4900 Lakhs (2021 - ₹ 106 Lakhs).

b) Claims against the Company not acknowledged as debts ₹ 3,865 Lakhs (2021 - ₹ 1,059 Lakhs). These comprise:

i) Income tax claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 3,155 Lakhs (2021 - ₹ 402 Lakhs)

ii) Service tax claims disputed by the Company relating to issues of applicability aggregating ₹ 696 Lakhs (2021 - ₹ 657 Lakhs)

iii) Other matters aggregating 14 Lakhs (2021- Nil)

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 (2021 - ₹ 32 Lakhs) has been deposited under protest and is included under Other Non-Current Assets. (Refer Note 11(a)).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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, 2022	As at 31st March, 2021
(a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.		
Principal amount due	37	112
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.1	–	–
(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 ₹ 2,269 Lakhs (2021 - ₹ 2,382 Lakhs) [including payments in respect of short-term leases aggregating ₹ 1,941 Lakhs (2021 - ₹ 2,074 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)

	As at 31st March, 2022	As at 31st March, 2021
Opening Lease Liabilities	98	383
New Lease recognised	577	–
Remeasurements and Withdrawals	–	–
Interest expense on Lease Liability	16	19
Payments of Lease Liability made	(328)	(308)
Foreign Currency Translation Reserve Adjustment	–	4
Closing balance of Lease Liability	363	98

26 Employee Benefits

Description of Plans

(a) Defined Contribution Plan

The Company makes regular monthly contributions to Provident Fund administered by the Government of India and these are in the nature of defined contribution schemes and are recognised as expense in the Statement of Profit and Loss.

Such amounts have been recognised under Contribution to Provident and Other Funds in Note 18 ₹ 3288 Lakhs (2021 - ₹ 2997 Lakhs).

(b) Defined Benefit Plan

The Company also makes contribution to defined benefit plans which comprises pension (including superannuation) 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. The gratuity plan is funded, end of service gratuity in United Arab Emirates (UAE) is unfunded, the pension plan is funded and the superannuation plan is unfunded. 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.

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, 2022 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, 2022			For the year ended 31st March, 2021		
			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	83	473	426	109	907	777
	2	Net Interest Cost	(2)	5	89	27	(14)	88
	3	**Total expense recognised in the Statement of Profit and Loss**	81	478	515	136	893	865
	-	**Re-measurements recognised in Other Comprehensive Income**						
	4	(Return) on plan assets (excluding amounts included in Net interest cost)	(8)	(46)	-	(225)	(52)	-
	5	Effect of changes in demographic assumptions	2	27	(3)	-	(14)	-
	6	Effect of changes in financial assumptions	(82)	(2)	(27)	-	-	-
	7	Effect of experience adjustments	(215)	78	324	(194)	(257)	(104)
	8	Total re-measurements included in OCI	(303)	57	294	(419)	(323)	(104)
	9	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (3+8)**	(222)	535	809	(283)	570	761

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 2022	Gratuity 2022	Compensated absences 2022	Pension 2021	Gratuity 2021	Compensated absences 2021
II	**Actual Returns**		230	283	-	447	290	-
III	**Net (Asset)/Liability recognised in Balance Sheet**							
	1	Present Value of Defined Benefit Obligation	3,188	4,322	1,796	3,914	4,246	1,755
	2	Obligation w.r.t Overseas branches	-	-	239	-	-	247
	3	Fair Value of Plan Assets	(3,425)	(3,700)	-	(3,925)	(4,167)	-
	4	Status [(Surplus)/Deficit]	(237)	622	2,035	(11)	79	2,002
	5	Restrictions on Asset Recognised	-	-	-	-	-	-

			As at 31st March, 2022		As at 31st March , 2021	
	6	**Net (Asset)/Liability recognised in Balance Sheet**	Current	Non-Current	Current	Non-Current
		- Pension*	(448)	211	(273)	262
		- Gratuity	289	333	(73)	152
		- Compensated absences	688	1,347	1,005	997

* This includes ₹ 450 Lakhs (FY 21: ₹ 275 lakhs) of Pension which is represented under note no 11(b) as Advances to related parties and ₹ 2 Lakhs (FY 21: ₹ 2 lakhs) of Superannuation which is represented under note no 14(b) as Retirement Benefits.

			For the year ended 31st March, 2021			For the year ended 31st March, 2020		
			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	3,914	4,246	1,755	4,213	3,785	1,579
	2	Current Service Cost	83	473	312	109	907	521
	3	Interest Cost	221	242	89	250	224	88
	4	Remeasurement gains / (losses):						
		Effect of changes in demographic assumptions	2	27	(3)	-	(14)	-
		Effect of changes in financial assumptions	(82)	(2)	(27)	-	-	-
		Changes in asset ceiling (excluding interest income)	-	-	-	-	-	-
		Effect of experience adjustments	(215)	78	324	(194)	(257)	(104)
	5	Benefits Paid	(735)	(742)	(654)	(464)	(399)	(329)
	6	**Present Value of DBO at the end of the year**	3,188	4,322	1,796	3,914	4,246	1,755

			As at 31st March, 2022	As at 31st March, 2021
		Best Estimate of Employers’ Expected Contribution for the next year		
		- Pension	107	574
		- Gratuity	634	1,483

			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
V	**Change in Fair Value of Assets (for funded obligations)**							
	1	Plan Assets at the beginning of the year	3,925	4,167	-	3,166	3,447	-
	2	Expected Return on Plan Assets	222	237	-	222	238	-
	3	Remeasurement Gains/(Losses) on plan assets	8	46	-	225	52	-
	4	Actual Company Contributions	5	(8)	-	776	829	-
	5	Benefits Paid	(735)	(742)	-	(464)	(399)	-
	6	**Plan Assets at the end of the year**	3,425	3,700	-	3,925	4,167	-

			As at 31st March, 2022	As at 31st March, 20201
VI	**Actuarial Assumptions**			
	1	Discount Rate (%)	6.75%	6.25%
	2	Expected Return on Plan Assets (%)	6.75%	6.25%
	3	Long term rate of compensation increase	7.50%	7.50%

			As at 31st March, 2022	As at 31st March, 2021
VII	**The net liability disclosed in Pension relates to funded and unfunded plans as follows:**			
	1	Present Value of Funded Obligation	2,975	3,650
	2	Fair Value of Plan Assets	3,425	3,925
	3	Deficit of Funded Plan	(450)	(275)
	4	Unfunded Plan	213	264
	5	Net Deficit	(237)	(11)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

VIII	Major Category of Plan Assets as a % of the Total Plan Assets		As at 31st March, 2022	As at 31st March, 2021
	1	Government Securities/Special Deposit with RBI	17%	23%
	2	High Quality Corporate Bonds	10%	11%
	3	Insurer Managed Funds*	63%	54%
	4	Mutual Funds	5%	4%
	5	Cash and Cash Equivalents	5%	6%
	6	Term Deposits	–	2%

* 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 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.

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 optimise returns within acceptable risk parameters, the plan assets are well diversified.

(₹ in Lakhs)

			For the year ended 31st March, 2022			For the year ended 31st March, 2021		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Partly Funded	Unfunded	Partly Funded	Partly Funded	Unfunded
X	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)							
	1	Present Value of Defined Benefit Obligation	3,188	4,322	1,796	3,914	4,246	1,755
	2	Fair Value of Plan Assets	3,425	3,700	-	3,925	4,167	-
	3	Status [(Surplus) / Deficit]	(237)	622	1,796	(11)	79	1,755
	4	Experience Adjustment of Plan Assets [Gain/ (Loss)]	(8)	(46)	-	(225)	(52)	-
	5	Experience Adjustment of obligation [(Gain)/ Loss]	(215)	78	324	(194)	(257)	(104)

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 sensitivity analysis from previous year.

XII	Sl. No.	Particulars	DBO as at 31st March, 2022	DBO as at 31st March, 2021
	1	Discount Rate + 100 basis points	8,944	9,507
	2	Discount Rate - 100 basis points	9,701	10,356
	3	Long term Compensation Increase Rate + 1%	9,693	10,297
	4	Long term Compensation Increase Rate – 1%	8,944	9,554

			31st March, 2022 (₹ in Lakhs)	31st March, 2021 (₹ in Lakhs)
27 Earnings per share				
(a)	Profit after Tax	₹ in Lakhs	51,781	44,779
(b)	Weighted average number of Equity Shares	No.	85,200,000	85,200,000
(c)	Earnings Per Share (Face value of ₹ 10 per share) (Basic and Diluted)	₹	60.78	52.56

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
28 Auditor's Remuneration and Expenses		
(Net of input tax credit)		
Audit Fees	23	21
Tax Audit Fees	2	2
Fees for Auditor's Certifications and Reports	15	13
Reimbursement of Expenses	1	2
Total	41	38

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, 2022 No. of Options	As at 31st March, 2021 No. of Options
Outstanding at the beginning of the year	12,71,342	15,98,020
Add: Granted during the year	8,950	4,300
Less: Lapsed during the year	(3,61,043)	(2,48,550)
Add / (Less): Movement due to transfer of employees within the group	38,168	-
Less: Exercised during the year	(41,395)	(82,428)
Outstanding at the end of the year	9,16,022	12,71,342
Options exercisable at the end of the year	9,04,062	12,67,042

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 ₹ 17 Lakhs (2021: (-) ₹ 112 Lakhs) towards ITC ESOS and ₹ 38 Lakhs [2021: ₹ 34 Lakhs] towards ITC ESAR Plan (Refer Note 18). Such charge has been recognised as employee benefits expense.

Out of the above,₹ 41 Lakhs (2021: ₹ 38 Lakhs) is attributable to key management personnel [Mr. R. Batra ₹ 37 Lakhs (2021: ₹ 32 Lakhs); and Mr. S.V. Shah ₹ 4 Lakhs (2021: ₹ 6 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, 2022		As at 31st March, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Measured at amortised cost				
Cash and Cash Equivalents	976	976	852	852
Other Bank Balances	20,000	20,000	10,000	10,000
Trade Receivables	27,696	27,696	17,897	17,897
Loans	0	0	3	3
Other Financial Assets	26,905	26,905	16,463	16,463
	75,577	75,577	45,215	45,215
Mandatorily measured at fair value through profit and loss (FVTPL)				
Investments in Mutual Funds	6,904	6,904	26,767	26,767
Foreign Currency Forward Contracts	140	140	60	60
	7,044	7,044	26,827	26,827
Total	82,621	82,621	72,042	72,042
Financial Liabilities				
Measured at amortised cost				
Trade Payables	6,633	6,633	5,977	5,977
Lease Liability	363	363	98	98
Other Financial Liabilities	14,098	13,897	11,457	11,192
	21,094	20,893	17,532	17,267
Measured at fair value through profit and loss (FVTPL)				
Foreign Currency Forward Contracts	53	53	50	50
	53	53	50	50
Total	21,147	20,946	17,582	17,317

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 reinstatement 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, 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

As at 31st March, 2021	USD	GBP	EURO	Others	Total
Financial Assets	20,080	6,930	3,352	1,913	32,275
Financial Liabilities	682	2	400	770	1,854

The Company uses Forward Exchange Contracts to hedge its exposures in foreign currency related to underlying transactions and firm commitments. The Information on Derivative Instruments is as follows:

Forward exchange Contracts outstanding as at year end which are not designated under hedge accounting:

(in Lakhs)

Currency	Cross Currency	31st March, 2022		31st March, 2021	
		Buy	Sell	Buy	Sell
GBP	USD	–	44	–	24
EUR	USD	–	44	–	13
USD	INR	–	334	–	223
AUD	USD	–	–	–	5
ZAR	USD	–	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 hedges 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.

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% (2021 - 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, 2022 and pre-tax total equity as at 31st March, 2022 will be higher by ₹ 446 Lakhs (2021 - ₹ 304 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 fixed deposits and 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, 2022 is ₹ 6,904 Lakhs (2021 - ₹ 26,767 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 :

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

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**
As at 31st March, 2021 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	5,977	5,977	-	-	-	-	5,977
Lease Liability	98	73	26	-	-	-	99
Other Financial Liabilities	11,507	1,305	8,857	5	1,331	9	11,507
Total	17,582	7,355	8,883	5	1,331	9	17,583

** 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, 2022	As at 31st March, 2021
Opening Balance	**1,244**	702
Effects of foreign exchange fluctuation	**(56)**	27
Add: Expected credit loss provisions made during the year	**391**	689
Less: Utilisation for Impairment / De-recognition	**(396)**	(174)
Closing Balance	**1,183**	1,244

The 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, 2022 is ₹ 83,418 Lakhs (2021 - ₹ 73,366 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 2022	31st March 2021
Financial Assets			
Mandatorily Measured at Fair Value Through Profit and Loss (FVTPL)			
Investments in Mutual Funds	1	6,904	26,767
		6,904	26,767
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	140	60
		140	60
Total		7,044	26,827
Financial Liabilities			
Measured at amortized cost			
Other Financial Liabilities*	3	934	1,074
		934	1,074
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	53	50
		53	50
Total		987	1,124

** 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, 2022	For the year ended 31st March, 2021
Segment Revenue		
India	60,492	53,295
North America	61,585	41,860
Europe	72,021	59,916
Middle East and Africa	27,798	22,653
Rest of the World	6,889	5,774
Total	2,28,785	183,498

Revenues of INR 23,442 Lakhs are derived from a single external customer / group in the year ended March 31, 2022. No single external customer / group individually accounted for more than 10% of the revenues in the year ended March 31, 2021.

(₹ in Lakhs)

	As at 31st March, 2022	As at 31st March, 2021
Non-Current Assets*		
India	7,237	6,104
Europe	4	–
Middle East and Africa	31	38
Total	7,272	6,142

** 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.

(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

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

(iv) KEY MANAGEMENT PERSONNEL

Non-Executive Directors

Mr. S. Puri - Chairman

Mr. S. Sivakumar - Vice Chairman

Mr. B. B. Chatterjee

Mr. P. Chatterjee (up to 27th July, 2021)

Mr. R. Tandon

Ms. P. Balaji

Others (Members of Executive Management Committee)

Mr. S. Singh, Managing Director & CEO

Mr. R. Batra, Chief Financial Officer

Mr. S. V. Shah, Company Secretary

Ms. S. Burman (up to 25th February, 2022)

Mr. Kaushik Ray (w.e.f. 9th March, 2022)

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

(₹ in Lakhs)

Sl. No.	Description	Holding Company		Wholly Owned Subsidiaries				Fellow Subsidiaries	
		2022	2021	2022		2021		2022	2021
				ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.		
1	Sale of Goods / Services	17,686	16,717	21,849	61,582	24,124	41,740	254	401
2	Purchase of Goods / Services	80	36	-	-	-	-	-	-
3	Rent Paid	2,097	2,097	-	-	-	-	-	-
4	Reimbursement of Contractual Remuneration [includes remuneration to KMP ₹ 275 Lakhs (2021 ₹ 262 Lakhs)]	917	799	-	-	-	-	-	-
5	Recovery of Contractual Remuneration	-	2	-	-	-	-	-	-
6	Expenses Recovered	4	35	21	34	46	31	-	-
7	Expenses Reimbursed	366	454	44	-	29	-	-	-
8	Capital Contribution for Share Based Payments	17	(160)	-	-	-	-	-	-
9	Employee Share Based Payments	38	34	-	-	-	-	-	-
10	Reimbursement of Capital Contribution for Share Based Payments	-	-	-	-	10	(59)	-	-
11	Interim Dividend	45,156	27,690	-	-	-	-	-	-
12	Dividend Income	-	-	-	-	826	1,913	-	-

(₹ 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	
		2022	2021	2022	2021	2022	2021	2022	2021
1	Sale of Goods / Services	209	256	23,442	16,851	-	-	-	-
2	Purchase of Goods / Services	685	1,248	-	-	-	-	-	-
3	Remuneration to Key Management Personnel (KMP)								
	(i) Directors	-	-	-	-	-	-	643	473
	(ii) Others	-	-	-	-	-	-	128	153
4	Contribution to Employees' Benefit Plans	-	-	-	-	-	1,557	-	-

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vi) **DISCLOSURE OF OUTSTANDING BALANCES**

(₹ in Lakhs)

Description	Holding Company		Wholly Owned Subsidiaries				Fellow Subsidiaries	
			2022		2021			
	2022	2021	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	2022	2021
Balances as at 31st March,								
i) Trade Receivables	90	115	3,409	7,424	2,502	1,334	149	203
ii) Trade Payables	141	84	13	–	214	–	–	–
iii) Other Payables	81	43	–	–	–	–	–	–

(₹ 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	
	2022	2021	2022	2021	2022	2021
Balances as at 31st March,						
i) Trade Receivables	17	–	4,877	5,973	–	–
ii) Trade Payables	9	59	–	–	–	–
iii) Advances Given	–	–	–	–	450	386
iv) Other Payables	–	–	–		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	2022	2021	**Related Party Transactions**	2022*	2021*
Purchase of Goods / Services			**Remuneration to Key Management Personnel (KMP)**		
International Travel House Limited	685	1,248	Mr. S. Singh	643	473
			Mr. R. Batra	182	166
Contribution to Employees' Benefit Plans			Mr. S. Shah	93	96
ITC Management Staff Gratuity Fund	–	781	Mr. S. Burman	100	153
ITC Pension Fund	–	776	Mr. K. Ray	28	–

** 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	2022	2021
Trade Payables		
International Travel House Limited	9	59
Advances Given		
ITC Management Staff Gratuity Fund	–	111
ITC Pension Fund	450	275
Other Payables		
ITC Management Staff Gratuity Fund	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)

	2022	2021
Short-Term Employee Benefits	1,047	888
Others	2	4

**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 2022	31st March 2021
Current Ratio	Current Assets	Current Liabilities	3.4	3.8
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.0	0.0
Debt Service Coverage Ratio	Earnings available for Debt Service [1]	Debt Service [2]	165.0	153.9
Return on Equity	Net Profits after Taxes	Average Shareholder's Equity	69.6%	71.9%
Trade Receivables turnover ratio	Revenue	Average Trade Receivable	10.0	9.0
Trade Payables turnover ratio [3]	Adjusted Other Expenses [4]	Average Trade Payables	5.2	3.9
Net capital turnover ratio	Revenue	Working Capital	3.7	3.3
Net profit ratio	Net Profit	Revenue	22.6%	24.4%
Return on capital employed (ROCE)	Earning before Interest and Taxes	Average Capital Employed	92.6%	94.7%
Return on Investment(ROI)	Income generated from Investments	Average Investments [5]	4.9%	4.6%

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

1 Earnings available for Debt Service: Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.

2 Debt service represents Lease Payments.

3 The change in the trade payables turnover ratio by more than 25% is primarily due to increase in scale of operations.

4 Adjusted other expenses refers to other expenses net of non-cash expenses.

5 Investments represent Investment in Debt Mutual Funds.

36 Subsequent Events

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). The overall consideration payable by the Company under the agreement is estimated at US$ 115 Million over a period of 5 years. Of this, a sum not exceeding US$ 35 Million is payable upfront upon closing of the transaction which, subject to fulfilment of certain conditions, is expected within 3 months of the date of the agreement.

37 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 3rd May, 2022.

38 Comparatives

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

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

(₹ in Lakhs)

1	Sl. No.	1	2	3
2	Name of the Subsidiary	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc. (Note 2)
3	The date since when subsidiary was acquired	19th June, 2001	24th May, 2001	18th November, 2016
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	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 Exchange rate GBP 1 = ₹ 99.4550	Reporting currency - USD Exchange rate USD 1 = ₹ 75.7925	Reporting currency - USD Exchange rate USD 1 = ₹ 75.7925
6	Share Capital	682	13,794	76
7	Reserves and Surplus	6,640	5,875	21
8	Total Assets	13,417	34,124	158
9	Total Liabilities	13,417	34,124	158
10	Investments (excluding Investments in subsidiaries)	-	-	-
11	Turnover (Note 1)	39,920	1,01,064	319
12	Profit before Taxation	890	2,519	10
13	Provision for Taxation	107	613	-
14	Profit after Taxation	783	1,906	10
15	Proposed Dividend (Paid during the year)	-	-	-
16	Extent of Shareholding (%)	100%	100%	100%

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. V. Shah
Company Secretary
Bengaluru

Date : 03 May, 2022

Strategic Report

The Directors present their Strategic Report for the year ended 31st March 2022.

Key Performance Indicators

	£ (million)	
Year Ended March 31,	**2022**	**2021**
Total Revenue	**40.02**	48.80
Cost of Sales	**35.60**	42.68
Gross Profit	**4.42**	6.12
Profit before Tax	**0.90**	1.11
Profit after Tax	**0.79**	0.90

Section 172(1) statement

During the year ended 31st March, 2022, 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.

Business review

In 2021-22 the Company achieved a revenue of GBP 40.02 million while the net profit was GBP 0.79 million. Changes in client priorities/strategies in few key accounts contributed to revenue decline in the current year. However, the Company successfully adapted to the evolving technology landscape to create new opportunities, driven by digital transformation agendas accelerated due to the pandemic. Hybrid work models, cost optimization, 'everything-as-a-service' and digital workplace solutions continued to drive technology spending. The Company was able to leverage these trends successfully, and witness a strong performance across verticals, particularly in Travel, Banking & Financial Services, Consumer & Packaged Goods and Hospitality. The Company saw good demand for its Digital Experience, as well as Digital Workplace Solutions and continued to strengthen its domain-specific offerings in areas like Digital Banking and Digital Manufacturing. Majority of the customers of the Company are based in UK, please refer to Note 13.

Customers

Customer centricity is one of the strategic pillars of the Company. We continued to sharpen our focus on our key customer relationships across all industry verticals. Customer feedback remains at the core of our focus on client-centricity and building differentiated service offerings. This approach enabled us to sustain industry-leading customer satisfaction levels across all key relationships.

Employees

As we enter the post-pandemic, hybrid workplace of the future, sustaining and enhancing employee experience remains our key focus. The Company sharpened its focus on employee centricity, another of our strategic pillars. We made focused investments towards enhancing employee experience, strengthening our culture of continuous learning, and hiring & training the right talent.

Future Outlook

Our vision is to enable our clients to anticipate and adapt to the constantly evolving business and technology landscape. We help them succeed by accelerating value realization at the intersection of domain and technology. Towards this, we make sustained investments to build industry capabilities leveraging future-focused technologies. Today, across all areas of business, Digital Transformation and Software as a Service (SaaS) adoption are becoming mainstream. As organizations continue to adapt to new ways of working with a distributed workforce, hybrid operating models are fast becoming the norm. Digital and Capability-led opportunities and new models of technology consumption in a 'Everything as a Service' model are expected to continue being the key drivers of growth. The Company expects a continued momentum in demand for its suite of services across Digital Workplace Solutions, Intelligent Planning & Execution (IPE), Manufacturing Execution Systems (MES) and Product Lifecycle Management (PLM).

In this context, the Company will focus on taking a leadership position in helping our clients with their digital transformation and Software as a Service (SaaS) adoption and accelerating our growth momentum by mining and growing key customer relationships. 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 strengthen its alliance ecosystem with future ready Software Vendors in identified capability areas in Digital, Data & Analytics, Infrastructure Services, IPE and MES 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 volatile economic and geo-political environment is expected to impact client sentiment and IT spending, sustaining the pressure on cost-optimization. The war for talent, particularly for niche skills and local talent, continues to remain a top priority to support hybrid work models across onsite, offshore and near-shore engagements. 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, 2022 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 31stMarch, 2022.

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), 20% (2021: 19%) of its sales in the year under review were in US dollars and 16% (2021: 8%) 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.

Directors

The Directors in office at the end of the year are listed below. All the Directors served on the Board throughout the year. 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	-
B. B. Chatterjee	-
S. Singh	-
R. Tandon	-

Messrs. S. Sivakumar and B. B. Chatterjee, Directors, will retire by rotation at the next Annual General Meeting.

Mr. Chatterjee has informed that he would not like to offer himself for re-election at the next Annual General Meeting. The Board has recommended that the vacancy that will be so caused be not filled up.

Mr. Sivakumar, being eligible, has offered himself for re-election. The Board has recommended re-election of

Mr. Sivakumar as a Director of the Company at the next Annual General Meeting.

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. 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.

Impact of COVID-19 and Going Concern

The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of trade receivables, contract assets-unbilled revenues etc., and on the Going Concern status of the Company.

Carrying value of 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 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 such carrying values for a period of 12 months from the date of signing the financial statements.

Going Concern

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 2022-23 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 2021-22 collections from customers have remained robust which is evident in reduction in Trade Receivables (£6.12 million as at 31st March, 2021 to £5.17 million as at 31st March, 2022) and contract assets-unbilled revenue accrual (£3.93 million as at 31st March, 2021 to £2.35 million as at 31st March, 2022).

   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 in 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 International Financial Reporting Standards (IFRSs) as adopted by the U.K. 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;
- provide additional disclosures when compliance with the specific requirements in IFRSs 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.

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

- the company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the Directors' Report includes 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.

Independent Auditor

Messrs. Deloitte LLP, UK, Reg. no. OC303675 (Deloitte LLP), Auditors, complete their term of appointment at the conclusion of the next Annual General Meeting of the Company and offer themselves for re-appointment, in accordance with the provisions of Section 485 of the Companies Act 2006.

The Board has recommended for the approval of the Members, the appointment of Deloitte LLP to conduct the audit of the Financial Statements of the Company for the financial year 2022-23.

Appropriate resolution seeking your approval in respect of the said appointment is included in the Notice convening the Annual General Meeting of the Company for the year ended 31st March, 2022.

Approved by the Board on 2nd May, 2022 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 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 20.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 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 about their own identification and assessment of the risks of irregularities.

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, tax legislation etc; 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.

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 in the following area, and our specific procedures performed to address are described below:

Cut off for revenues and occurrence for unbilled revenues has been pinpointed as the potential risk in fraud. Unbilled revenues is billed from the approval of timesheets by the end customer for revenues generated on a Time and Materials basis, capturing the data and agreeing across ledgers to ensure these revenues are included within the correct time period requires manual adjustments and so may be subject to errors. Our procedures have tested unbilled revenues against customer approvals and ensured the occurrence of revenue is correct, our procedures also tested timesheet allocations around the year end and check it had been allocated to the correct accounting period.

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 counsel 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.
6th May 2022

Income Statement

		Year ended March 31,			
		2022	**2022**	**2021**	**2021**
		£	**₹**	**£**	**₹**
			Unaudited		**Unaudited**
Revenue					
-Sale of Services		**39,693,829**	**3,947,749,769**	48,310,856	4,867,439,539
-Resale of Software/Hardware		**273,856**	**27,236,332**	493,845	49,756,090
-Other Revenue		**52,668**	**5,238,130**	–	–
Total Revenue	**13**	**40,020,353**	**3,980,224,231**	**48,804,701**	**4,917,195,629**
Cost of sales	14	**(35,597,912)**	**(3,540,390,316)**	(42,681,736)	(4,300,291,633)
Gross profit		**4,422,441**	**439,833,915**	**6,122,965**	**616,903,996**
Selling, general and administrative expenses	14	**(3,645,870)**	**(362,599,991)**	(4,366,256)	(439,911,217)
Operating Profit		**776,571**	**77,233,924**	**1,756,709**	**176,992,779**
Foreign exchange gain/(loss)		**115,003**	**11,437,613**	(644,660)	(64,951,126)
Finance and other income	16	**3,517**	**349,807**	939	94,631
Profit before income tax		**895,091**	**89,021,344**	**1,112,988**	**112,136,284**
Income tax expense	11	**(107,773)**	**(10,718,583)**	(211,266)	(21,285,581)
Profit for the year		**787,318**	**78,302,761**	**901,722**	**90,850,703**

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 111 to 121 form an integral part of these financial statements.

Statement of Financial Position

Company Reg No - 02777705

	Note	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited
Assets					
Property, plant and equipment	4	209,026	20,788,681	206,054	20,760,613
Other non-current assets	7	1,950	193,938	2,713	273,341
Non current - Contract asset	18	982,691	97,733,543	–	–
Right-of-Use Asset	17	137,542	13,679,209	216,137	21,776,356
Total non-current assets		1,331,209	132,395,371	424,904	42,810,310
Current tax asset		–	–	28,496	2,871,043
Trade receivables	5	5,171,013	514,283,098	6,124,252	617,033,700
Contract assets-Unbilled revenue	5	2,347,127	233,433,516	3,928,525	395,808,715
Other current assets	7	103,892	10,332,579	103,602	10,438,072
Cash and cash equivalents	6	4,391,602	436,766,777	2,548,754	256,793,337
Current - Contract asset	18	146,912	14,611,111	–	–
Total current assets		12,160,546	1,209,427,080	12,733,629	1,282,944,867
Total assets		13,491,755	1,341,822,451	13,158,533	1,325,755,177
Equity					
Share capital	12	685,815	68,207,731	685,815	69,097,576
Retained earnings		6,676,249	663,986,281	5,888,930	593,324,439
Equity attributable to owners of the company		7,362,064	732,194,012	6,574,745	662,422,015
Total equity		7,362,064	732,194,012	6,574,745	662,422,015
Non current - Lease liability	17	64,899	6,454,530	149,932	15,106,047
Non current - Contract liability	18	572,886	56,976,348	–	–
Deferred income tax liability	11	47,425	4,716,693	29,461	2,968,269
Total Non current liabilities		685,210	68,147,571	179,393	18,074,316
Trade payables and accrued expenses	8	3,985,600	396,388,047	3,324,244	334,925,948
Unearned revenue		78,005	7,757,960	138,143	13,918,253
Current tax liability		1,625	161,453	–	–
Current - Lease liability	17	85,836	8,536,819	84,153	8,478,588
Current - Contract liability	18	283,768	28,222,146	–	–
Other current liabilities	9	1,009,647	100,414,442	2,857,855	287,936,056
Total current liabilities		5,444,481	541,480,867	6,404,395	645,258,846
Total liabilities		6,129,691	609,628,438	6,583,788	663,333,162
Total equity and liabilities		13,491,755	1,341,822,451	13,158,533	1,325,755,177

These financial statements on pages 108 to 121 were approved by the directors on 2nd May, 2022 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 111 to 121 form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31st March, 2022

	No. of Shares	Share Capital		Retained Earnings		Total equity	
		£	₹	£	₹	£	₹
	Note		Unaudited		Unaudited		Unaudited
Balance as at April 1, 2020	685,815	685,815	69,097,576	5,844,478	588,845,731	6,530,293	6,579,43,307
Profit for the year	–	–	–	901,722	90,850,703	901,722	908,50,703
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	901,722	90,850,703	901,722	908,50,703
Transactions with owners in their capacity as owners:							
Cash dividend paid	–	–	–	(857,269)	(86,371,995)	(857,269)	(863,71,995)
	–	–	–	(857,269)	(86,371,995)	(857,269)	(863,71,995)
Balance as at March 31, 2021	685,815	685,815	69,097,576	5,888,931	593,324,439	6,574,746	6,624,22,015
Balance as at April 1, 2021	685,815	685,815	68,207,731	5,888,931	585,683,520	6,574,746	6,538,91,251
Profit for the year	–	–	–	787,318	78,302,761	787,318	783,02,761
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	787,318	78,302,761	787,318	783,02,761
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	7,321,94,012

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 111 to 121 form an integral part of these financial statements.

Statement of Cash Flows

		Year ended March 31,			
		2022	2022	2021	2021
		£	₹	£	₹
	Note		Unaudited		Unaudited
Cash flows from operating activities					
Profit for the year		787,318	78,302,761	901,722	90,850,703
Adjustment for:					
Depreciation	4	63,644	6,329,714	53,620	5,402,311
Loss on disposal of asset		63	6,300	–	–
ROU Depreciation	17	78,596	7,816,716	78,596	7,918,675
Interest on Lease Liability	17	3,904	388,268	5,553	559,587
Interest income	16	(3,517)	(349,807)	(939)	(94,632)
Income tax expense	11	107,773	10,718,583	211,266	21,285,581
Changes in operating assets and liabilities					
Trade receivables		953,240	94,804,455	1,609,914	162,202,821
Contract Assets-Unbilled revenues		1,581,398	157,277,927	1,179,311	118,818,523
Contract Asset	18	(1,129,603)	(112,344,696)	–	–
Contract Liability	18	856,653	85,198,424	–	–
Other assets		474	47,064	49,707	5,008,152
Trade payables and accrued expenses		661,354	65,774,999	(3,098,409)	(312,172,420)
Unearned revenues		(60,138)	(5,980,988)	(264,328)	(26,631,750)
Other liabilities		(1,848,208)	(183,813,513)	674,674	67,975,083
Net cash provided by operating activities before taxes		2,052,951	204,176,207	1,400,687	141,122,634
Income tax paid (net)		(59,688)	(5,936,310)	(217,077)	(21,871,092)
Net cash generated from operating activities		1,993,263	198,239,897	1,183,610	119,251,542
Cash flows from investing activities					
Purchases of property, plant and equipment	4	(66,679)	(6,631,560)	(11,892)	(1,198,110)
Interest received	16	3,517	349,807	939	94,632
Net cash used in investing activities		(63,162)	(6,281,753)	(10,953)	(1,103,478)
Cash flows from financing activities					
Lease Liability Payment		(87,253)	(8,677,697)	(85,057)	(8,569,644)
Dividends paid to the parent company		–	–	(857,269)	(86,371,995)
Net cash used in financing activities		(87,253)	(8,677,697)	(942,326)	(94,941,639)
Net increase in cash and cash equivalents		1,842,848	183,280,447	230,331	23,206,425
Cash and cash equivalents at beginning of the year	6	2,548,754	253,486,329	2,318,423	233,586,913
Cash and cash equivalents at end of the year	6	4,391,602	436,766,776	2,548,754	256,793,337

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 111 to 121 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 = ₹99.46(2021: £1 = ₹100.75) 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 limited company incorporated and registered in England and Walesand 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, 2022 have been prepared in accordance with the Companies Act 2006 as applicable to companies using International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

   (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) Impact of COVID-19 & Going Concern

   The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of trade receivables, contract assets-unbilled revenues etc., and on the Going Concern status of the Company.

   <u>**Carrying value of assets**</u>

   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 etc. The Company has also performed sensitivity analysis on the assumptions used, and based on current estimates, does not expect any material impact on such carrying valuesfor a period of 12 months from the date of signing the financial statements.

   <u>**Going Concern**</u>

   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 2022-23 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 2021-22 collections from customers have remained robust which is evident in reduction in Trade Receivables (£6.12 million as at 31st March 2021 to £5.17 million as at 31st March 2022) and contract assets-unbilled revenue accrual (£3.93 million as at 31st March 2021 to £2.35 million as at 31st March 2022).

   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 in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of trade receivables, contract assets-unbilled revenues etc, and on the Going Concern status of the Company.

   (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) *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. None of these are deemed significant enough to warrant further disclosure.

Notes to the financial statements (Contd.)

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.

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, in view of the pandemic relating to COVID -19, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default (i.e., no longer recoverable) in future and has taken into account estimates of possible effect from the COVID - 19 scenario. 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 assets 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

Revenue is recognised at fair value of amounts received or receivable for products delivered and services rendered and is net of discounts, and excludes amounts collected on behalf of third parties, such as value added tax. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

a) Time and materials contracts

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

b) Fixed price contracts

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.

c) Amounts received or billed in advance of services performed are treated as 'unearned revenue' (contract liability).

d) 'Unbilled revenue' (contract asset) represents amounts recognised based on services performed in advance of billing in accordance with contract terms.

e) Revenue is recognised from trading in software packages / licenses / hardware upon delivery to customer.

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.

During the year, the Company reviewed the useful life of its assets to align with usage of assets with changing times. This resulted in changes in the expected usage of Computer Equipment from 4 years to 3 years and Fixtures and Fitting from 4 years to 10 years. The effect of these changes resulted in reduction in depreciation expense by £5,223.

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

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.

Notes to the financial statements (Contd.)

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 17. The total cash outflow for leases for the year is £163,583 (including payments in respect short-term leases of £76,330 and lease of low value of assets NIL).

The undiscounted potential future cash outflows of £392,648 have not been included in measurement of liabilities on exercising the extension/termination options.

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.

IFRS 17 (including the June 2020 Amendments to IFRS 17)	*Insurance Contracts*
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment—Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020 Cycle	*Amendments to IFRS 1First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments,IFRS 16 Leases, and IAS 41 Agriculture*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 2020	147,829	14,894,141	134,215	13,522,497	56,224	5,664,709	338,268	34,081,504
Additions	–	–	11,056	1,113,931	836	84,179	11,892	1,198,110
Disposal	–	–	(9,967)	(1,004,180)	–	–	(9,967)	(1,004,180)
As at March 31, 2021	147,829	14,894,141	135,304	13,632,248	57,060	5,748,888	340,193	34,275,434
Accumulated depreciation:								
As at 1 April 2020	15,918	1,583,125	54,691	5,439,293	19,877	1,976,867	90,486	9,116,690
Depreciation	14,791	1,471,039	26,123	2,598,063	12,706	1,263,637	53,620	5,402,311
Disposal	–	–	(9,967)	(991,248)	–	–	(9,967)	(1,004,180)
As at March 31, 2021	30,709	3,054,164	70,847	7,046,108	32,583	3,240,504	134,139	13,514,821
Net carrying value as at March 31, 2021	**117,120**	**11,839,977**	**64,457**	**6,586,140**	**24,477**	**2,508,384**	**206,054**	**20,760,613**
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**

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 2022 £	As at 31 March 2022 ₹ Unaudited	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited
Trade Receivables	**5,171,013**	**514,283,098**	6,124,252	617,033,700
Contract Assets-Unbilled Revenue				
- Time & Material	**2,041,209**	**203,008,417**	3,679,010	370,669,455
- Fixed Price contracts based on % Completion	**305,918**	**30,425,099**	249,515	25,139,260
Total	**7,518,140**	**747,716,614**	**10,052,777**	**1,012,842,415**

An expected credit loss provision of £159,359 (2021: £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 19.

6. Cash and cash equivalents

Cash and cash equivalents consist of the following:	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited
Cash at bank	**4,391,602**	**436,766,777**	2,548,754	256,793,337
Cash and cash equivalents on statement of financial position	**4,391,602**	**436,766,777**	**2,548,754**	**256,793,337**
Cash and cash equivalents in the cash flow statement	**4,391,602**	**436,766,777**	**2,548,754**	**256,793,337**

7. Other Assets

	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited
Non-current				
Security deposits	**100**	**9,946**	463	46,648
Loans and Advances to employees	**1,850**	**183,992**	2,250	226,693
	1,950	**193,938**	**2,713**	**273,341**
Current				
Security deposits	**7,352**	**731,193**	–	–
Prepaid Expenses	**42,484**	**4,225,246**	54,603	5,501,389
Loans and Advances to Employees	**52,580**	**5,229,344**	47,523	4,787,972
Others	**1,476**	**146,796**	1,476	148,711
	103,892	**10,332,579**	**103,602**	**10,438,072**
Total	**105,842**	**10,526,517**	**106,315**	**10,711,413**

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 2022 £	As at 31 March 2022 ₹ Unaudited	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited
Trade payables	3,407,759	338,919,069	2,733,882	275,445,533
Accrued expenses	577,841	57,468,978	590,362	59,480,415
Total	**3,985,600**	**396,388,047**	**3,324,244**	**334,925,948**

For payables to group companies, please refer to Note 19.

9. Other current liabilities

	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited
Current				
Employee and other liabilities	836,581	83,202,163	1,417,140	142,780,418
Statutory dues payable	173,066	17,212,279	1,440,715	145,155,638
Total	**1,009,647**	**100,414,442**	**2,857,855**	**287,936,056**

10. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2022 is 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	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**

Revenue of 2021-22 includes an amount of £138,143(2021: £402,471) recognised as 'Unearned Revenue' in financial year2020-21.

The carrying value and fair value of financial instruments by categories as at March 31, 2021 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	6,124,252	617,033,700	–	–	6,124,252	617,033,700	6,124,252	617,033,700
Contract Assets-Unbilled revenue	3,928,525	395,808,715	–	–	3,928,525	395,808,715	3,928,525	395,808,715
Cash and cash equivalents	2,548,754	256,793,337	–	–	2,548,754	256,793,337	2,548,754	256,793,337
Other Assets	106,315	10,711,413	–	–	106,315	10,711,413	106,315	10,711,413
Total assets	**12,707,846**	**1,280,347,165**	**–**	**–**	**12,707,846**	**1,280,347,165**	**12,707,846**	**1,280,347,165**
Liabilities:								
Trade payables and accrued expenses	–	–	3,324,244	334,925,949	3,324,244	334,925,949	3,324,244	334,925,949
Unearned revenue	–	–	138,143	13,918,253	138,143	13,918,253	138,143	13,918,253
Total liabilities	**–**	**–**	**3,462,387**	**348,844,202**	**3,462,387**	**348,844,202**	**3,462,387**	**348,844,202**

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,			
	2022	2022	2021	2021
	£	₹	£	₹
		Unaudited		Unaudited
Revenue from top customer	16,443,174	1,635,355,900	25,255,808	2,544,585,811
Revenue from top 5 customers	27,985,495	2,783,297,409	36,977,754	3,725,601,168

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 30-120days (2020-21: 30-150 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 2022	As at 31 March 2022	As at 31 March 2021	As at 31 March 2021
	£	₹	£	₹
		Unaudited		Unaudited
Past due 0-30 days	324,536	32,276,728	1,300,474	131,026,037
Past due 30-60 days	642,656	63,915,352	113,368	11,422,094
Past due 60-90 days	26,289	2,614,572	43,875	4,420,520
Past due over 90 days	(33,897)	(3,371,226)	(102,753)	(10,352,622)
Total past due and not impaired	959,584	95,435,426	1,354,964	136,516,029

The allowance for impairment in respect of trade receivables for the year ended March 31, 2022 and March 31, 2021 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 2022	For the year ended / As at 31 March 2022	For the year ended / As at 31 March 2021	For the year ended / As at 31 March 2021
	£	₹	£	₹
		Unaudited		Unaudited
Balance at the beginning of the year	159,359	15,849,049	159,359	16,055,818
Additions during the year	–	–	–	–
Received during the year	–	–	–	–
Written off during the year	–	–	–	–
Balance at the end of the year	159,359	15,849,049	159,359	16,055,818

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 2022	As at 31 March 2022	As at 31 March 2021	As at 31 March 2021
	£	₹	£	₹
		Unaudited		Unaudited
Cash and cash equivalents	4,391,602	436,766,777	2,548,754	256,793,337
Total	4,391,602	436,766,777	2,548,754	256,793,337

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022 and March 31, 2021:

	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	–	–	–	–

	As At 31st March 2021					
	Less than 1 year		1–2 years		2 years and above	
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Trade payables and accrued expenses	3,324,244	334,925,948	–	–	–	–
Other current liabilities	2,857,855	287,936,056	–	–	–	–

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, 20% (2021: 19%) of its sales in the year under review were in US dollars and 16% (2021: 8%) 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, 2022 and March 31, 2021.

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	–	–	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

As at 31st March 2021

	EUR		USD		Other Currencies*		Total	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Asset								
Trade Receivables	1,527,223	153,871,544	2,556,296	257,553,239	143,184	14,426,144	4,226,703	425,850,927
Contract Assets-Unbilled Revenue	375,816	37,864,362	707,530	71,285,451	94,710	9,542,262	1,178,056	118,692,075
Cash and cash equivalents	150,304	15,143,538	420,712	42,387,798	192,814	19,426,480	763,830	76,957,816
Other assets	–	–	–	–	(13,678)	(1,378,095)	(13,678)	(1,378,095)
Liabilities								
Trade payables and accrued expenses	251,571	25,346,394	284,865	28,700,880	22,177	2,234,363	558,613	56,281,637
Unearned Sales	–	–	7,865	792,445	–	–	7,865	792,445
Other liabilities	–	–	–	–	6,745	679,583	6,745	679,583
Net assets/liabilities	1,801,772	181,533,050	3,391,808	341,733,163	388,108	39,102,845	5,581,688	562,369,058

* 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, 2022 and 2021respectively, every 1% appreciation/depreciation of the respective foreign currencies compared to functional currency of the Company would increase/ decrease operating margins by £29,050 and £55,817,respectively.

11. Income tax expense

A change to increase the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was announced in the UK Budget in March 2021 and enacted on 24 May 2021. This may have an impact on the Company's tax charge in future years. Income tax expense in the statement of income consists of:

	Year ended March 31,			
	2022 £	2022 ₹ Unaudited	2021 £	2021 ₹ Unaudited
Current taxes				
UK Corporation tax on profits of the year	195,817	19,474,940	217,620	21,925,762
Adjustment in respect of previous years	(106,008)	(10,543,006)	(2,225)	(224,174)
Total	89,809	8,931,934	215,395	21,701,588
Deferred taxes				
Origination and reversal of timing differences	17,964	1,786,649	(4,129)	(416,007)
Total	17,964	1,786,649	(4,129)	(416,007)
Grand Total	107,773	10,718,583	211,266	21,285,581

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, 2022 £	2022 ₹ Unaudited	2021 £	2021 ₹ Unaudited
Profit before income tax	895,091	89,021,344	1,112,988	112,136,284
Profit multiplied by rate of tax	170,067	16,914,052	211,468	21,305,907
Expenses not deductible for tax purposes	24,983	2,484,618	3,481	350,751
Movement in capital allowances	767	76,270	7,619	767,618
Tax credit on employee share based payments	–	–	(4,948)	(498,514)
Adjustment in respect of previous years	(106,008)	(10,543,006)	(2,225)	(224,174)
Deferred tax	17,964	1,786,649	(4,129)	(416,007)
Total tax expense	107,773	10,718,583	211,266	21,285,581

The standard rates of UK corporation tax, for the year ended March 31, 2022 and March 31, 2021 are 19% and 19% respectively.

Changes in tax rates and factors affecting the future tax charge

The components of deferred tax liabilityare as follows:

	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited
Property, Plant and Equipment	(50,168)	(4,989,480)	(37,002)	(3,728,011)
Provision	2,742	272,727	7,541	759,742
Net deferred tax liability	(47,426)	(4,716,753)	(29,461)	(2,968,269)

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

	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited
Deferred tax liability	(47,425)	(4,716,693)	(29,461)	(2,968,269)
Balance brought forward	(29,461)	(2,930,044)	(33,590)	(3,384,276)
Profit and loss account movement arising during the year	(17,964)	(1,786,649)	4,129	416,007
Total deferred tax liability	(47,425)	(4,716,693)	(29,461)	(2,968,269)

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.

12. Equity

a) *Share capital*

The company has only one class of equity shares. The authorized share capital of the Company is 1,629,700 (2021: 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 (2021: 685,815) equity shares of £1 each amounting to £685,815 (2021: £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 2022 £	As at 31 March 2022 ₹ Unaudited	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited
Total equity attributable to the equity share holders of the company	7,362,064	732,194,012	6,574,746	662,422,015
As percentage of total capital	100%	100%	100%	100%
Total capital	7,362,064	732,194,012	6,574,746	662,422,015

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

Notes to the financial statements (Contd.)

13. 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 the collectability is reasonably assured. An analysis of turnover is given below:

	Year ended March 31,			
	2022	2022	2021	2021
	£	₹	£	₹
Country		Unaudited		Unaudited
United Kingdom	33,124,840	3,294,430,962	40,543,633	4,084,872,384
Europe	5,740,680	570,939,329	7,201,543	725,573,461
Singapore	574,365	57,123,461	369,413	37,219,275
Others	580,468	57,730,479	690,112	69,530,509
Total	40,020,353	3,980,224,231	48,804,701	4,917,195,629

14. Expenses by nature

	Year ended March 31,			
	2022	2022	2021	2021
	£	₹	£	₹
		Unaudited		Unaudited
Employee benefits	14,120,595	1,404,363,774	18,353,632	1,849,174,324
Sub-contractor charges/Outsourced charges	23,420,910	2,329,326,568	26,968,330	2,717,126,636
Travel and conveyance	487,230	48,457,470	565,602	56,985,859
Sales & Marketing expenses	47,386	4,712,739	23,093	2,326,713
Staff welfare	122,749	12,207,963	164,598	16,583,675
Legal, Professional and Consultancy Expenses	258,427	25,701,827	248,784	25,065,624
Communication expenses	37,852	3,764,563	85,068	8,570,845
Lease rentals/charges	76,329	7,591,360	69,599	7,012,279
Recruitment	177,877	17,690,817	52,956	5,335,449
Audit Fees	54,155	5,385,949	73,202	7,375,320
Depreciation charges	142,240	14,146,450	132,215	13,320,957
Others	298,032	29,640,827	310,912	31,325,169
Total cost of sales, selling, general and administrative expenses	39,243,782	3,902,990,307	47,047,991	4,740,202,850

The total cost of sales, selling, general and administrative expenses in the table above includes £35,597,912 (2021:£42,681,736) towards cost of sales and £3,645,870 (2021: £4,366,256) towards selling, general and administrative expenses.No non-audit fee was paid to statutory auditor of the Company during the year.Depreciation charges above includes depreciation on Property, Plant and Equipment (refer Note 4) and depreciation on ROU assets (refer Note 17).

Cost of Sales

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.

Selling, general and administrative expenses

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 audit fees are for statutory audit services.

15. Employee benefits

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

	2022	2021
By Activity	No	No
Delivery	171	253
Marketing	11	12
Administration	9	9
	191	274

Employee benefits include:

	Year ended March 31,			
	2022	2022	2021	2021
	£	₹	£	₹
		Unaudited		Unaudited
Wages and salaries	12,522,362	1,245,411,550	16,243,747	1,636,598,080
Social security costs	1,598,233	158,952,224	2,098,680	211,447,312
ESOS Cost	–	–	11,205	1,128,932
Total	14,120,595	1,404,363,774	18,353,632	1,849,174,324

An amount of £1,598,233 (2021:£2,098,681) 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,			
	2022	2022	2021	2021
	£	₹	£	₹
		Unaudited		Unaudited
Cost of sales	11,410,408	1,134,822,168	14,730,530	1,484,137,751
Selling, general and administrative expenses	2,710,187	269,541,606	3,623,102	365,036,573
Total	14,120,595	1,404,363,774	18,353,632	1,849,174,324

Notes to the financial statements (Contd.)

16. Finance and other income

	Year ended March 31, 2022 £	2022 ₹ Unaudited	2021 £	2021 ₹ Unaudited
Interest Income	3,517	349,807	185	18,664
Others	–	–	754	75,967
Total	3,517	349,807	939	94,631

17. 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 2022 £	As at 31 March 2022 ₹ Unaudited	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited
Right of Use Asset - Buildings	373,328	37,129,336	373,328	37,613,729
Less: Accumulated Depreciation	(235,786)	(23,450,127)	(157,191)	(15,837,373)
Right of Use Asset Net	137,542	13,679,209	216,137	21,776,356

	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited
Lease Liability				
Opening Lease Liability	234,084	23,280,873	313,587	31,594,716
Add: Interest Cost on the Leases	3,904	388,268	5,553	559,587
Less: Lease Payments	(87,253)	(8,677,747)	(85,056)	(8,569,604)
Closing Lease Liability	150,735	14,991,394	234,084	23,584,699

The non-current portion of lease liability of £64,899 shall be paid in FY 2023-24.

18. Contract Asset and Contract Liability

	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited
Contract Asset				
Opening Contract Asset	1,122,923	111,680,278	–	–
Less: Contract Charges	(12,389)	(1,232,131)	–	–
Add: Forex Reinstatement	19,069	1,896,507	–	–
Closing Contract Asset	1,129,603	112,344,654	–	–
- Current	146,912	14,611,111	–	–
- Non Current	982,691	97,733,543	–	–
	1,129,603	112,344,654	–	–

	As at 31 March 2022 £	As at 31 March 2022 ₹ Unaudited	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited
Contract Liability				
Opening Contract Liability	1,122,923	111,680,278	–	–
Less: Payments	(283,768)	(28,222,146)	–	–
Add: Forex Reinstatement	17,499	1,740,362	–	–
Closing Contract Liability	856,654	85,198,494	–	–
- Current	283,768	28,222,146	–	–
- Non Current	572,886	56,976,348	–	–
	856,654	85,198,494	–	–

19. 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.

Transactions with the above related parties during the year were:

	Holding Company				Fellow Subsidiaries			
	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 2021 £	For the year ended / As at 31 March 2021 ₹ 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 2021 £	For the year ended / As at 31 March 2021 ₹ Unaudited
Sale of goods/Services	–	–	–	–	53,926	5,363,253	51,392	5,177,853
Expenses Recovered	42,833	4,259,971	29,586	2,980,913	–	–	–	–
Purchase of goods/Services	21,440,981	2,132,412,797	24,841,516	2,502,844,864	–	–	–	–
Balance as on 31st March								
Trade receivables	12,441	1,237,274	222,038	22,370,884	–	–	–	–
Trade payables	3,356,446	333,815,368	2,477,353	249,599,558	–	–	–	–

Notes to the financial statements (Contd.)

Key Managerial Personnel:

Non-Executive Directors

S. Puri	Chairman
S. Sivakumar	Vice Chairman
R. Tandon	Director
B. B. Chatterjee	Director
S. Singh	Director

Others

A. Roy	President (President Designate from 21st Dec 2020 - 31st March 2021)
H.S. Garewal	President (1st Apr 2020 - 23rd March 2021)

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, 2022, and March 31, 2021 have been detailed below:

	Year ended March 31,			
	2022	2022	2021	2021
	£	₹	£	₹
		Unaudited		Unaudited
President:				
Short term benefits	**591,384**	**58,816,049**	493,947	25,732,886

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.

20. 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.

REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended March 31, 2022.

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 throughout the United States of America.

Financial Results (*)

(US $ million)

Year Ended March 31,	2022	2021
Total Revenue	**133.76**	108.36
Operating Income	**3.34**	3.42
Profit/(Loss) After Tax	**2.53**	2.59

(*) including Indivate Inc., a wholly owned subsidiary of the Corporation.

Business Review

Corporation

For the year ended March 31, 2022, the Corporation posted total revenue of US $ 133.34 million (**) while the net profit after tax was US $ 2.52 million (**). The growth in revenue was driven by deal wins in existing strategic clients in areas such as Infrastructure Services, Data and Analytics, Automation, and Application Development and Maintenance.

The Corporation continues to enable clients to anticipate and adapt to the constantly evolving business and technology landscape by accelerating value realization at the intersection of domain and technology. Today, across all areas of business, Digital Transformation and Software as a Service (SaaS) adoption are becoming mainstream. Digital and Capability-led opportunities and new models of technology consumption in a 'Everything as a Service' model is expected to continue being the key drivers of growth, along with an increased focus on environment and sustainability. With the increasing need to drive cost optimization and organizational efficiency, clients are looking for partners who can support them in end-to-end management of services. IT spending is seeing a shift from a single, consolidated buying center to multiple buying centers, creating opportunities for an eco-system of technology service providers.

In the coming year, the focus will be on taking a leadership position in helping our clients with their digital transformation and SaaS adoption; accelerating our growth momentum by scaling existing strategic accounts, by sustaining our focus on delivery excellence; and, strengthening our alliance and partnership eco-system with existing ISV partners as well as new, future-ready software vendors in Digital, Data & Analytics, and Infrastructure Services amongst other identified areas. The Corporation will continue its strategy of Industry-focused and capability-driven growth and sustain its investments on hiring and training the right talent with a focus on building a culture of continuous learning.

Primary challenges seen by the Corporation are macro-economic headwinds due to the volatile economic and geo-political environment, which is expected to impact client sentiment and IT spending, sustaining the pressure on cost-optimization. The high demand for talent, particularly for niche skills, continues to remain a top priority. 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 mitigate these risks.

(**) Standalone Results

Wholly owned subsidiary - Indivate Inc.

Indivate Inc. ("Indivate") provides market research, business development, consulting and other advisory services. Indivate is also engaged in trading activities where in the corporation imports goods into the United States of America for distributing / marketing the same. During the year under review, Indivate recorded Revenue of US$ 420,999 (2021: US$ 428,532) and Net Profit of US$ 13,239 (2021: US$ 21,571).

Directors

Messrs. S. Puri, S. Sivakumar, B. B. Chatterjee, (Ms.) B. Parameswar, S. Singh and R. Tandon, Directors of the Corporation, will retire at the next Annual Meeting.

Mr. Chatterjee and Mr. Tandon have informed that they would not like to offer themselves for re-appointment at the next Annual Meeting.

Messrs. S. Puri, S. Sivakumar, (Ms.) B. Parameswar and S. Singh, being eligible, offer themselves for re-appointment.

Auditors

Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, India, Firm Registration Number 117366W/W-100018 (Deloitte India), complete their term of appointment at the conclusion of the next Annual Meeting and offer themselves for re-appointment as Auditors of the Corporation.

The Board has recommended for the approval of the Shareholders, appointment of Deloitte India to conduct the audit of the Financial Statements of the Corporation for the financial year 2022-23.

Appropriate resolution seeking your approval in respect of the said appointment is included in the Notice convening the Annual Meeting of the Corporation for the year ended March 31, 2022.

On behalf of the Board

	S. Sivakumar	**S. Singh**
Date: May 2, 2022	**Vice Chairman**	**Director**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of

ITC Infotech (USA), Inc.

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, 2022 and 2021, 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, 2022 and 2021, 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 these Special Purpose Financial Statements in accordance with the basis described in Note B[1] to the Special Purpose Financial Statements; this includes 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 judgement made by a reasonable user based on the Special Purpose Financial Statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 judgement, 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, 2022

SPECIAL PURPOSE BALANCE SHEETS AS OF MARCH 31,

	2022 (US $)	2022 (₹)	2021 (US $)	2021 (₹)
Assets				
Current assets				
Cash and cash equivalents	**2,291,928**	**173,710,952**	4,108,478	300370,827
Accounts receivable, net of allowance for doubtful accounts of US $ 227,621 (INR 17,251,964) as of March 2022 and US $1,238,514 (INR 90,547,756) as of March 2021	**40,197,903**	**3,046,699,563**	27,706,699	2,025,636,764
Advances to employees	**72,835**	**5,520,346**	6,541	478,212
Other current assets	**210,526**	**15,956,291**	108,695	7,946,691
Total current assets	**42,773,192**	**3,241,887,152**	31,930,413	2,334,432,494
Property and equipment	**415,245**	**31,472,457**	414,592	30,310,821
Less: Accumulated depreciation and amortization	**315,588**	**23,919,203**	375,796	27,474,446
	99,657	**7,553,254**	38,796	2,836,375
Right of Use Asset	**93,347**	**7,075,002**	464,737	33,976,922
Less: Accumulated depreciation	**71,806**	**5,442,356**	285,992	20,908,875
	21,541	**1,632,646**	178,745	13,068,047
Investment in subsidiary (Indivate Inc.)	**100,000**	**7,579,250**	100,000	7,311,000
Deferred income taxes	**1,156,047**	**87,619,692**	1,886,520	137,923,477
Other assets, principally unsecured advances	**872,903**	**66,159,501**	815,756	59,639,922
	45,023,340	**3,412,431,495**	34,950,230	2,555,211,315
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	**173,777**	**13,170,993**	133,173	9,736,278
Accrued expenses and other current liabilities	**8,098,473**	**613,803,515**	8,343,787	610,014,267
Accrued payroll and payroll taxes	**981,792**	**74,412,471**	1,023,514	74,829,109
Lease liability	**22,948**	**1,739,286**	150,188	10,980,245
Due to ITC Infotech India Ltd., net	**9,795,116**	**742,396,329**	1,824,497	133,388,976
Total current liabilities	**19,072,106**	**1,445,522,594**	11,475,159	838,948,875
Non-current liabilities				
Lease liability	–	–	39,068	2,856,261
Stockholder's equity				
Paid up Share Capital	**18,200,000**	**1,379,423,500**	18,200,000	1,330,602,000
Retained earnings	**7,751,234**	**587,485,401**	5,236,003	382,804,179
Total stockholder's equity	**25,951,234**	**1,966,908,901**	23,436,003	1,713,406,179
	45,023,340	**3,412,431,495**	34,950,230	2,555,211,315

On behalf of the Board

Date: May 2, 2022	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,

	2022 (US $)	2022 (₹)	2021 (US $)	2021 (₹)
Revenues				
Sale of Services	**132,809,360**	**10,065,953,418**	107,311,500	7,845,543,765
Resale of Software and Hardware	**425,968**	**32,285,180**	622,728	45,527,644
Other Operating Income	**108,042**	**8,188,773**	–	–
Total revenues	**133,343,370**	**10,106,427,371**	107,934,228	7,891,071,409
Cost of revenues, principally employment costs and fees charged by affiliates	**122,388,922**	**9,276,162,373**	96,286,536	7,039,508,649
Gross profit	**10,954,448**	**830,264,998**	11,647,692	851,562,760
General and administrative expenses	**7,628,814**	**578,206,885**	8,244,731	602,772,283
Operating income	**3,325,634**	**252,058,113**	3,402,961	248,790,477
Other income	–	–	1	73
Income before interest and income tax expense	**3,325,634**	**252,058,113**	3,402,962	248,790,550
Interest Expense	**1,815**	**137,563**	11,684	854,217
Income before income tax expense	**3,323,819**	**251,920,550**	3,391,278	247,936,333
Income tax expense / (benefit)				
Current	**78,115**	**5,920,531**	280,167	20,483,009
Deferred	**730,473**	**55,364,375**	542,304	39,647,845
Total income tax expense	**808,588**	**61,284,906**	822,471	60,130,854
Net income	**2,515,231**	**190,635,644**	2,568,807	187,805,479
Retained earnings at beginning of year	**5,236,003**	**396,849,757**	5,215,196	381,282,980
Less : Dividend Paid	–	–	2,548,000	186,284,280
Retained earnings at end of year	**7,751,234**	**587,485,401**	5,236,003	382,804,179

On behalf of the Board

Date: May 2, 2022	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,

	2022 (US $)	2022 (₹)	2021 (US $)	2021 (₹)
Cash flows from operating activities				
Net income	2,515,231	190,635,644	2,568,807	187,805,479
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	137,493	10,420,938	238,091	17,406,833
Deferred income taxes	730,473	55,364,375	542,304	39,647,845
Write off of Fixed Assets / ROU Assets	(2,497)	(189,254)	(689)	(50,373)
Provision for Bad debt expense	92,547	7,014,368	(647,967)	(47,372,867)
(Increase) decrease in assets				
Accounts receivable	(12,583,751)	(953,753,948)	2,086,401	152,536,777
Receivable from Indivate	–	–	2,642	193,157
Advances to employees	(66,294)	(5,024,588)	56,019	4,095,549
Other current assets	(101,831)	(7,718,026)	5,928	433,396
Other assets, principally unsecured advances	(57,147)	(4,331,314)	(133,223)	(9,739,933)
Increase (decrease) in liabilities				
Accounts payable	40,604	3,077,479	(35,122)	(2,567,769)
Accrued expenses and other liabilities	(245,314)	(18,592,961)	458,903	33,550,398
Accrued payroll and payroll taxes	(41,722)	(3,162,215)	(366,800)	(26,816,748)
Due to ITC Infotech India Ltd., net	7,970,619	604,113,141	(1,956,097)	(143,010,252)
Net cash (used) / provided by operating activities	(1,611,589)	(122,146,361)	2,819,197	206,111,492
Cash flows from investing activities				
Capital expenditures	(105,630)	(8,005,962)	–	–
Net cash used in investing activities	(105,630)	(8,005,962)	–	–
Payout of Dividend	–	–	(2,548,000)	(186,284,280)
Lease Liability	(99,331)	(7,528,545)	(185,160)	(13,537,048)
Net cash used in financing activities	(99,331)	(7,528,545)	(2,733,160)	(199,821,328)
Net increase / (decrease) in cash and cash equivalents	(1,816,550)	(137,680,868)	86,037	6,290,164
Cash and cash equivalents at beginning of year	4,108,478	311,391,820	4,022,441	294,080,663
Cash and cash equivalents at end of year	2,291,928	173,710,952	4,108,478	300,370,827

On behalf of the Board

Date: May 2, 2022	Soumyarup Roy Financial Controller	A Raghavapudi President	S Singh Director	S Sivakumar Vice Chairman

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021

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 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.

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 *75.7925* for fiscal year ended March 31, 2022 (2021 US$1 = INR 73.11) 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.

<u>Estimation of uncertainties relating to the Global Health pandemic from COVID-19.</u>

The Company has considered the possible effects that may arise out of the COVID-19 pandemic on the carrying amounts of trade receivables, unbilled revenues, 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, etc. The Company has also performed sensitivity analysis on the assumptions used, and based on current estimates, does not expect any significant impact on such carrying values.

[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.

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").

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 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 and management's evaluation of outstanding accounts receivable. 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 is 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 $ 129,525 (INR 9,817,008) (including payments in respect short-term leases of US $ 28,378 (INR 2,150,862)) [In FY2020-21, the total cash outflow for leases was US $ 234,989 (INR 17,180,013) (including payments in respect short-term leases of US $ 38,146 (INR 2,788,845))]

[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, 2022. The Company's Federal and State tax returns are subject to examination by taxing authorities for the years ended March 31, 2019 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, 2022 or 2021.

[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, 2022 or 2021.

[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, 2022 AND 2021 (Contd.)

NOTE C - RELATED PARTY TRANSACTIONS

The Company had transactions with the following parties :

	2022 (US $)	2022 (₹)	2021 (US $)	2021 (₹)
Transactions with ITC Infotech India Ltd				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	82,470,620	6,250,654,466	56,671,120	4,143,225,583
Dividend Paid	–	–	2,548,000	186,284,280
Transactions with ITC Infotech Ltd				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	73,958	5,605,462	68,205	4,986,468
Transactions with Technico Technologies				
Costs for project consultations / other expense reimbursements, included in cost of revenues / general and administrative expenses	275,975	20,916,835	279,026	20,399,591
Transactions with ITC Limited				
Refund of reimbursement of expenses	1,200	90,951	–	–
Transactions with Indivate				
Other expense reimbursements from Indivate included as a reduction in cost of revenues / general and administrative expenses	–	–	5,026	367,451

There was no amount receivable/ payable to Technico Technologies (fellow subsidiary of ultimate parent, ITC Limited), ITC Limited, Indivate Inc. and ITC Infotech Ltd. as on 31st March, 2022 and 31st March, 2021 respectively. The receivable/ payable amount as on 31st March, 2022 and 31st March, 2021 for the other related parties have been disclosed in the Balance Sheet.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable as on March 31, 2022 of US $ 40,197,903 (INR 3,046,699,563) and March 31, 2021 of US $ 27,706,699 (INR 2,025,636,764) includes both billed and unbilled receivables. Unbilled receivables were US $ 16,971,112 (INR 1,286,283,035) and US $ 9,423,707 (INR 688,967,239) as of March 31, 2022 and 2021, respectively.

Unbilled Revenue consist of the following:

Particulars	2022 (US $)	2022 (₹)	2021 (US $)	2021 (₹)
Time & Material and others	15,054,436	1,141,013,335	8,638,379	631,551,902
Fixed Price contracts based on % Completion	1,916,676	145,269,700	785,328	57,415,337
Total	16,971,112	1,286,283,035	9,423,707	688,967,239

Changes in the allowance for doubtful accounts in 2022 and 2021 are as follows:

	2022 (US $)	2022 (₹)	2021 (US $)	2021 (₹)
Beginning balance	1,238,514	93,870,072	2,458,124	179,713,446
Increase / (Decrease) to allowance	92,547	7,014,368	(647,967)	(47,372,867)
Accounts written off	1,103,440	83,632,476	571,643	41,792,823
Ending balance	227,621	17,251,964	1,238,514	90,547,756

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated useful lives (Years)	As of 31-Mar-22 (US $)	31-Mar-22 (₹)	31-Mar-21 (US $)	31-Mar-21 (₹)
Leasehold Improvements	4	26,074	1,976,214	26,074	1,906,270
Office Equipment	5	38,168	2,892,848	43,136	3,153,673
Computers etc.	3	290,398	22,009,991	212,318	15,522,569
Furniture and Fixtures	10	58,962	4,468,877	131,421	9,608,189
Capitalised Software	5	1,643	124,527	1,643	120,120
		415,245	31,472,457	414,592	30,310,821
Less: Accumulated depreciation		(315,588)	(23,919,203)	(375,796)	(27,474,446)
Property and Equipment, net		99,657	7,553,254	38,796	2,836,375

<u>The depreciation expense recognized in the Statement of Operations is as follows:</u>

	FY 2021-22 (US $)	FY 2021-22 (₹)	FY 2020-21 (US $)	FY 2020-21 (₹)
Depreciation expense	41,855	3,172,270	51,226	3,745,122

NOTE F - LEASES

Right of use asset:

	As of 31-Mar-22 (US $)	31-Mar-22 (₹)	31-Mar-21 (US $)	31-Mar-21 (₹)
Right of use asset - Buildings	93,347	7,075,002	464,737	33,976,922
	93,347	7,075,002	464,737	33,976,922
Less: Accumulated depreciation	(71,806)	(5,442,356)	(285,992)	(20,908,875)
Right of use asset, net	21,541	1,632,646	178,745	13,068,047

Lease Liability:

	As of 31-Mar-22 (US $)	31-Mar-22 (₹)	31-Mar-21 (US $)	31-Mar-21 (₹)
<u>Lease Liability</u>				
Current	22,948	1,739,286	150,188	10,980,245
Non - Current	–	–	39,068	2,856,261
	22,948	1,739,286	189,256	1,38,36,506

Impact for the period	FY 2021-22 (US $)	FY 2021-22 (₹)	FY 2020-21 (US $)	FY 2020-21 (₹)
Depreciation expense	95,638	7,248,643	186,865	13,661,700
Interest on Lease Liability	1,815	137,563	11,684	854,217
	97,453	7,386,206	198,549	14,515,917

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021 (Contd.)

NOTE G - INCOME TAXES

The income taxes expense consists of the following:

	Year ended			
	2022 (US $)	2022 (₹)	2021 (US $)	2021 (₹)
Federal Taxes				
Current	63,676	4,826,163	226,025	16,524,688
Deferred	613,910	46,529,774	462,670	33,825,803
State and local taxes				
Current	14,439	1,094,368	54,142	3,958,321
Deferred	116,563	8,834,601	79,634	5,822,042
Total current expense	808,588	61,284,906	822,471	60,130,854

Deferred tax assets and liabilities consist of the following:

	2022 (US $)	2022 (₹)	2021 (US $)	2021 (₹)
Provision for Doubtful Debts	54,881	4,159,568	298,468	21,820,995
Depreciation under State Taxes	4,790	363,046	5,748	420,236
Depreciation under Federal Taxes	(21,990)	(1,666,677)	(8,782)	(642,052)
Accrued vacation	353,808	26,815,993	361,567	26,434,164
Accrued bonus	396,377	30,042,404	654,583	47,856,563
Amortization of intangible assets and goodwill	–	–	178,062	13,018,113
ESOS Expense	229,736	17,412,266	232,078	16,967,223
Prepaid Expenses	(46,209)	(3,502,296)	(24,424)	(1,785,639)
Foreign tax credit carry-over	183,040	13,873,059	185,412	13,555,471
Lease Depreciation and Interest	1,614	122,329	3,808	278,403
	1,156,047	87,619,692	1,886,520	137,923,477

NOTE H – UNEARNED SALES

Unearned Sales consist of amounts received or billed in advance of services performed. Unearned Sales have been reflected in the Balance Sheet under Other current liabilities in the amount of US $ 236,308 (INR 17,910,338) and US $ 510,813 (INR 37,345,533) as at March 31, 2022 and 2021, respectively.

Revenue recognized in FY 2021-22 that was included as Unearned Sales balance at the beginning of the FY 2021-22 was US $ 492,360 (INR 37,317,195).

NOTE I - 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 25% (9%, 9% and 7%) and approximately 23% (9%, 8% and 6%) of the Company's revenues for the years ended March 31, 2022 and 2021, respectively. Accounts receivable from these customers approximated 30 % (14%, 10%, 6%) and 21 % (7%, 4%, 10%) of total accounts receivable as at March 31, 2022 and 2021, respectively. Additionally, one customer accounted for 7% of the accounts receivables as of March 31, 2021 that did not account under revenue concentration.

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 J – EMPLOYEES STOCK BASED COMPENSATION

Certain employees of the Company are covered under the stock option plans of the Company's ultimate Parent, ITC Limited. These plans are assessed, managed, and administered by the Holding Company of ITC Infotech India Ltd. Fair value of such stock options is calculated using the Black Scholes pricing model at the grant date. Expense related to these stock options have been reflected in the statement of operations in the amount of US $ Nil (INR Nil) and (-) US $84,381 [(-) INR 6,169,095] for the Fiscal Year 2021-22 and 2020-21 respectively.

NOTE K - 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, 2022 and 2021 was US$554,595 (INR 42,034,155) and US$584,300 (INR 42,718,193), respectively.

NOTE L - SUBSEQUENT EVENTS

The Company evaluated subsequent events through May 2, 2022 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, 2022.

The Corporation is a wholly owned subsidiary of ITC Infotech (USA), Inc., incorporated in the USA.

Principal Activities

The Corporation provides market research, business development, consulting, and other advisory services. The Corporation is also engaged in trading activities i.e. import goods into the USA to distribute / market the same.

Financial Results

(US $)

Year Ended March 31,	2022	2021
Total Revenue	420,999	428,532
Operating Income / (loss)	13,239	21,571
Profit/(Loss) After Tax	13,239	21,571

Business Review

The Corporation continues to provide business consulting and other advisory services to ITC Limited, India (ITC) pursuant to the Business Services Agreement with ITC. These services primarily include trendspotting, market evaluation and research, analysis of emerging regulatory frameworks and consumer preferences in identified business segments. The Corporation also undertakes business development activities towards enhancing the sales for the goods and services of ITC in the US market. During the year, the Corporation engaged in limited trading activities in consumer products sourced from ITC for distribution in the USA.

Directors

Messrs. S. Dutta, (Ms.) B. Parameswar and S. Roy, Directors of the Corporation, will retire at the next Annual Meeting, and, being eligible, offer themselves for re-appointment.

Auditors

Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, India, Firm Registration Number 117366W/W-100018 (Deloitte India), complete their term of appointment at the conclusion of the next Annual Meeting and offer themselves for re-appointment as Auditors of the Corporation.

The Board has recommended for the approval of the Shareholders, the appointment of Deloitte India to conduct the audit of the Financial Statements of the Corporation for the financial year 2022-23.

Appropriate resolution seeking your approval in respect of the said appointment is included in the Notice convening the Annual Meeting of the Corporation for the year ended March 31, 2022.

On behalf of the Board
Bhavani Parameswar
Director & President

Date: May 2, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Indivate Inc.

Opinion

We have audited the accompanying financial statements of Indivate Inc., (a wholly owned subsidiary of ITC Infotech (USA), Inc.) (the "Company") which comprise the balance sheets as of March 31, 2022 and 2021, and the related statement of operations and retained earnings and cash flows for the years then ended, and the related notes to the financial statements (collectively referred as "Financial Statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Indivate Inc. as of March 31, 2022 and 2021 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 ITC Infotech (USA), Inc. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the 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 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 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 scepticism 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, 2022

BALANCE SHEETS AS OF MARCH 31,

	2022 (US $)	2022 (₹)	2021 (US $)	2021 (₹)
Assets				
Current assets				
Cash and cash equivalents	99,421	7,535,367	138,741	10,143,355
Inventory	13,437	1,018,424	15,681	1,146,438
Accounts receivable	2,072	157,050	1,016	74,280
Due from ITC Limited	38,721	2,934,753	29,103	2,127,720
Other current assets	53,243	4,035,420	53,304	3,897,055
Total current assets	206,894	15,681,014	237,845	17,388,848
Property and equipment	7,070	535,853	7,070	516,888
Less: Accumulated depreciation and amortization	4,896	371,080	3,926	287,030
	2,174	164,773	3,144	229,858
	209,068	15,845,787	240,989	17,618,706
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	11,928	904,053	12,160	889,018
Accrued expenses and other current liabilities	6,195	469,535	13,788	1,008,039
Accrued payroll and payroll taxes	63,835	4,838,214	101,170	7,396,539
Total current liabilities	81,958	6,211,802	127,118	9,293,596
Stockholder's equity				
Paid up Capital	100,000	7,579,250	100,000	7,311,000
Retained earnings	27,110	2,054,735	13,871	1,014,110
Total Stockholder's equity	127,110	9,633,985	113,871	8,325,110
	209,068	15,845,787	240,989	17,618,706

On behalf of the Board

Date: May 2, 2022

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,

	2022 (US $)	2022 (₹)	2021 (US $)	2021 (₹)
Revenue				
Service income- Related party	395,823	30,000,415	409,977	29,973,418
Total Service income	395,823	30,000,415	409,977	29,973,418
Sale of Traded Goods	25,176	1,908,152	18,555	1,356,556
Total Revenue	420,999	31,908,567	428,532	31,329,974
Cost of revenues, principally employment costs	373,417	28,302,208	386,771	28,276,828
Purchase of Stock-in-trade	32,098	2,432,788	6,851	500,877
Change in Inventories of Stock-in-trade	2,245	170,154	4,127	301,725
Cost of Sales	34,343	2,602,942	10,978	802,602
Gross profit	13,239	1,003,417	30,783	2,250,544
General and administrative expenses	–	–	9,212	673,489
Operating Income	13,239	1,003,417	21,571	1,577,055
Less: Income tax	–	–	–	–
Net Income	13,239	1,003,417	21,571	1,577,055
Retained earnings at beginning of the year	13,871	1,051,318	(7,700)	(562,945)
Retained earnings at end of the year	27,110	2,054,735	13,871	1,014,110

On behalf of the Board

Date: May 2, 2022

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,

	2022 (US $)	2022 (₹)	2021 (US $)	2021 (₹)
Cash flows from operating activities				
Net income	**13,239**	**1,003,417**	21,571	1,577,055
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	**970**	**73,519**	805	58,854
(Increase) decrease in assets				
Inventory	**2,244**	**170,078**	4,127	301,725
Accounts receivable	**(1,056)**	**(80,037)**	(1,016)	(74,280)
Due from ITC Limited	**(9,618)**	**(728,972)**	65,547	4,792,141
Other current assets	**61**	**4,624**	(51,797)	(3,786,878)
Increase (decrease) in liabilities				
Accounts payable	**(232)**	**(17,584)**	4,457	325,851
Accrued expenses and other liabilities	**(7,593)**	**(575,492)**	(1,652)	(120,778)
Accrued payroll and payroll taxes	**(37,335)**	**(2,829,712)**	(84,293)	(6,162,660)
Due to ITC Infotech (USA), Inc., net	**–**	**–**	(2,642)	(1,93,157)
Net cash used in operating activities	**(39,320)**	**(2,980,159)**	(44,893)	(3,282,127)
Cash flows from investing activities				
Capital expenditures	**–**	**–**	(3,211)	(234,756)
Net cash used in investing activities	**–**	**–**	(3,211)	(234,756)
Cash flows from financing activities	**–**	**–**	–	–
Net cash used in financing activities	**–**	**–**	–	–
Net decrease in cash and cash equivalents	**(39,320)**	**(2,980,159)**	(48,104)	(3,516,883)
Cash and cash equivalents at beginning of year	**138,741**	**10,515,526**	186,845	13,660,238
Cash and cash equivalents at end of year	**99,421**	**7,535,367**	138,741	10,143,355

On behalf of the Board

Date: May 2, 2022

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, 2022 AND 2021

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 principally 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 importing goods into US and distributing/ marketing the same.

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, the country of formation. The amounts are represented in U.S. dollars. 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 75.7925 for the fiscal year ended March 31, 2022 (2021: US$1 = INR 73.11) 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.

[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 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 sales 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 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.

[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 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 and management's evaluation of outstanding accounts receivable. 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.

[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

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021 (Contd.)

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] Employees stock based compensation:

Employee of the Company is covered under the stock option plans of the Company's ultimate Parent, ITC Limited. These plans are assessed, managed and administered by ITC Limited. Fair value of such stock options is calculated using the Black Scholes pricing model at the grant date. Expense related to these stock options have been reflected in the statement of operations aggregating US $ Nil (INR. Nil) and US $ 5,026 (INR. 367,451) for the Financial Year 2021-22 and 2020-21 respectively.

[10] 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, 2022 and 2021 was US $ 7,806 (INR 591,629) and US $ 9,776 (INR 714,688), respectively.

NOTE C – RELATED PARTY TRANSACTIONS

The Company has entered into various transactions with its related parties as follows:

	2022	**2022**	2021	2021
	(US $)	**(₹)**	(US $)	(₹)
Transactions with ITC Limited				
Service / Account Management fees / others recognized as revenue by Indivate	**395,823**	**30,000,415**	409,977	29,973,418
Purchase of Goods	**21,262**	**1,611,500**	3,695	270,141
Re-imbursement of Expenses	**–**	**–**	17,419	1,273,503
Marketing expenses	**150**	**11,346**	–	–

Accounts receivable consist of trade accounts receivable and unbilled accounts receivable, if any (representing services performed prior to the balance sheet date, but not invoiced to the customer until thereafter). Related parties receivable total US $ 38,721 (INR 2,934,753) and US $ 29,103 (INR 2,127,720) as of March 31, 2022 and 2021, respectively.

Transactions with Parent Company				
Payroll related expenditure - ESOS	**–**	**–**	5,026	367,451

There was no amount receivable / payable to ITC Infotech (USA), Inc. as on 31st March, 2022 and 31st March, 2021, respectively.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

		As of			
	Estimated useful lives (Years)	**31-Mar-22**		31-Mar-21	
		(US $)	**(₹)**	(US $)	(₹)
Computers etc.	3	**3,710**	**281,190**	3,710	271,238
Office Equipment	5	**639**	**48,432**	639	46,718
Furniture and Fixtures	10	**2,721**	**206,231**	2,721	198,932
		7,070	**535,853**	7,070	516,888
Less: Accumulated depreciation		**(4,896)**	**(371,080)**	(3,926)	(287,030)
Property and Equipment, net		**2,174**	**164,773**	3,144	229,858

The depreciation expense recognized in the Statement of Operations is as follows:

	FY 2021-22		FY 2020-21	
	(US $)	**(₹)**	(US $)	(₹)
Depreciation expense	**970**	**73,519**	**805**	58,854

NOTE E – SUBSEQUENT EVENTS

The Company evaluated subsequent events through May 2, 2022 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 BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

1. Your Directors submit their Report for the financial year ended 31st March, 2022.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company recorded an Operating Income of ₹ 4,217.59 lakhs (previous year: ₹ 2,279.91 lakhs) reflecting a growth of 85%. The Other Income of the Company was ₹ 268.08 lakhs (previous year: ₹ 393.87 lakhs). Loss for the year was ₹ 162.69 lakhs (previous year loss: ₹ 841.9 lakhs).

The financial results of your Company, summarised, are as under:

Particulars	For the year Ended 31st March, 2022 (₹ in lakhs)	For the year Ended 31st March, 2021 (₹ in lakhs)
Profits		
a. Profit / (Loss) Before Tax	(215.16)	(1,124.90)
b. Less : Tax Expense		
Current Tax	–	–
Deferred Tax	(52.47)	(283.00)
c. Profit / (Loss) for the year	(162.69)	(841.90)
d. Other Comprehensive Income	3.34	7.54
e. Total Comprehensive Income	(159.35)	(834.36)
Retained Earnings		
a. At the beginning of the year	5,775.90	6,610.26
b. Add : Profit / (Loss) for the year	(162.69)	(841.90)
c. Add : Other Comprehensive Income	3.34	7.54
d. At the end of the year	5,616.55	5,775.90

3. **OPERATIONAL PERFORMANCE**

The Company owns 'ITC Kakatiya' – a 188 key luxury hotel located in Hyderabad city. The property has received several accolades, establishing itself as one of the finest luxury hotel and F&B destinations in the city. During the year, the property received LEED Platinum certification from United States Green Building Council as well as the Gold Award under 'Energy Conservation' category by Telangana State Renewable Energy Development Corporation Limited. 'Dakshin' was adjudged the 'Best South Indian Fine Dining Restaurant' at the Times Food Guide Nightlife Awards 2022 for the 12th consecutive year and 'Gourmet Couch' was adjudged the 'Best Takeaway' at the Times Food Guide Nightlife Awards 2022, for the 2nd consecutive year.

The recurrent waves of the pandemic continued to disrupt the operations of the hotel.

Business recovery has been driven by domestic business travel and limited international travel. The pandemic has compelled the Company to re-imagine its operating model and service portfolio, re-engineering margins, re-structuring technology and people in an environment with changing demand and customer perceptions. The Company has engaged in strict safety and hygiene protocols to protect the health of its guests and employees.

The Company continued to focus on spend optimisation and cost reduction measures.

There has been no change in the nature of business of your Company during the year under review.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

a) **Changes in Directors**

During the year under review, Mr. Jagdish Singh (DIN: 00042258) stepped down as a Director of your Company w.e.f. close of work on 12th November, 2021. Your Directors place on record their appreciation for the contribution made by Mr. Singh during his tenure.

The Board of Directors of the Company ('the Board') at the meeting held on 12th November, 2021 appointed Mr. Ashish Thakar (DIN: 09383474) as an Additional Director of the Company with effect from 13th November, 2021. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 138 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 a Director of the Company. The Board at the meeting held on 13th April, 2022 recommended for the approval of the Members, the appointment of Mr. Thakar as a Non-Executive Director of your Company, liable to retire by rotation.

Mr. Ashutosh Chhibba who was appointed as Managing Director of the Company for a period of three years with effect from 9th March, 2019, completed his tenure on 8th March, 2022. The Board at its Meeting held on 4th March, 2022, has re-appointed Mr. Ashutosh Chhibba (DIN: 08355922) as the Managing Director of the Company with effect from 9th March, 2022 up to 31st January, 2025, subject to the approval of the Members of the Company. The Board at the meeting held on 13th April, 2022 recommended for the approval of the Members, the re-appointment of Mr. Chhibba as the Managing Director of the Company. The re-appointment of Mr. Chhibba 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. Thakar and Mr. Chhibba, pursuant to Section 152 of the Act, have given their consents to act as Director and Managing Director, respectively, 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 under review, there were no changes in Key Managerial Personnel of the Company.

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. Nakul Anand (DIN: 00022279), Ashwin Moodliar (08205036) and Gunupati Venkata Pranav Reddy (06381368), 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 AND BOARD COMMITTEES**

The present composition of your Board is as follows:

<u>Names of Directors</u>	<u>Designation</u>
Mr. Gunupati Sivakumar Reddy	Chairman & Non-Executive Director
Mr. Nakul Anand	Vice-Chairman & Non-Executive Director
Mr. Kuldeep Bhartee	Non-Executive Director
Mr. Ashwin Moodliar	Non-Executive Director
Mr. Ramanapradeep Reddy Nallari	Non-Executive Director
Mr. Gunupati Venkata Pranav Reddy	Non-Executive Director
Mr. Bommireddi Narasimhasuresh Reddy	Non-Executive Director
Mr. Ashish Thakar	Additional Non-Executive Director
Mr. Ashutosh Chhibba	Managing Director

Six meetings of the Board were held during the year ended 31st March, 2022.

Your Company has one Board Committee and its present composition is as follows:

Audit Committee

Mr. A. Thakar	- Chairman
Mr. A. Chadha	- Member
Mr. N. R. Pradeep Reddy	- Member

All the recommendations made by the Committee during the year were accepted by the Board.

Due to non-applicability of the Corporate Social Responsibility (CSR) provisions to your Company, your Board approved dissolution of the CSR Committee with effect from 7th July, 2021.

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 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 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 the 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 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 Audit Committee 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, including those that arose due to the COVID-19 pandemic.

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 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.

11. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year ended 31st March, 2022, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of theAct.

12. **RELATED PARTY TRANSACTIONS**

All contracts or arrangements entered into by your Company with its related parties during the financial year were in accordance with the provisions of the Companies Act, 2013. All such contracts or arrangements, which were approved by the Audit Committee, were in the ordinary course of business and on arm's length basis. No material contracts or arrangements with related parties were entered into during the year under review. 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 AOC -2 is not applicable for this year.

13. **DEPOSITS**

Your Company has not accepted any deposit from the public / members under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year.

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**

The Company's present Auditors, Messrs Deloitte Haskins & Sells LLP ('DHS'), Chartered Accountants, were appointed with your approval at the Thirty Second AGM to hold such office for a period of five years till the conclusion of the Thirty Seventh AGM i.e. the ensuing AGM.

Your Board, on the recommendation of the Audit Committee, has recommended the re-appointment of Messrs Deloitte Haskins & Sells LLP, Chartered Accountants (DHS), as Auditors of the Company for another term of five years in accordance with Section 139(1) of the Act. DHS have given their consent and certificate for appointment as the Auditors of the Company. The Board has also recommended for the approval of the Members, their remuneration for the financial year 2022-23. Appropriate resolution in respect of the above appears in the Notice convening the ensuing AGM of the Company.

The Statutory Auditors have issued an unmodified audit opinion on the Company's financial statements for the year ended 31st March, 2022.

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**

Conservation of Energy

Steps taken on Conservation of Energy and impact thereof:

- Installed new Building Management System where in all HVAC system (AHU, TFAs, Exhaust etc.) have been integrated so as to operate these machines at optimum level.

Steps taken by the Company for utilising alternate sources of energy: None

Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

a. Laundry steam based dryer is being converted to electrical based which will help in saving HSD consumptions.

b. Unit has proposed to put sensor based water taps in Back area where water usage is very high.

c. Unit has proposed to install auto tube cleaning system in chillers which will help in increasing its efficiency.

Technology Absorption

i) Efforts, in brief, made towards technology absorption and benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. is provided hereunder:

   a. Installation of Photo HydroIonization (PHI) Cell units in Air handling units for indoor air disinfection to continuously deactivate SARS-CoV-2 virus found in air and on surfaces, for increased guest safety and comfort.

   b. Installation of exhaust fans in plant rooms, laundry and cloak rooms for increased life of plant and machinery & increased employee health and comfort.

   c. Installation of contact-less sanitisation stations at various areas like time office entrance, Back of the House (BOTH) & kitchen areas- Ease of use for staff, avoiding high touch points during the pandemic to ensure safety of all.

   d. Installation of Automatic flushing water hydro pneumatic pumping system for increased guest comfort.

   e. Installation of interlocks in kitchen grinders for increased safety protocols.

   f. Installation of ONEX software works fire systems command interface for enhanced fire safety.

   g. Replacement of Ozone Depleting Source (ODS) (R22 refrigerant) in general store cold room in line with Energy, Health & Safety (EHS) standards for enhanced environmental safety.

   h. Installation of High Speed Diesel (HSD) Fall Arrest System, for enhancing safety norms of handling workers.

ii) The Company neither imported any technology during the year nor incurred any expenditure on research and development.

Foreign Exchange Earnings and Outgo

The foreign exchange earnings of your Company during the year aggregated ₹ 343.89 lakhs (previous year: ₹ 101.54 lakhs), while the foreign exchange outflow aggregated ₹ 132.63 lakhs (previous year: ₹ 36.01 lakhs).

On behalf of the Board

Date: 13th April, 2022 **G. S. Reddy**
Place: Hyderabad **Chairman**

Annexure to the Report of the Board of Directors for the financial year ended 31st March, 2022

[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*	53	Managing Director	67,34,395/-	29,65,842/-	Diploma in Hotel Management	31	09.03.2019	ITC Limited, General Manager- ITC Mughal Agra
Mandrita Bose	35	Chief Financial Officer	43,60,785/-	24,32,233/-	B.Com, A.C.A	12	04.03.2021	ITC Limited, Assistant Manager Finance
Srinivas Rao Mortha	55	Kitchen Specialist Group	8,56,392/-	8,02,691/-	Graduate	27	31.07.1995	Marriot Hotel & Convention Centre, Hyderabad,F & B Production Associate
Venu Gopal	49	Laundry Incharge	7,73,011/-	7,41,020/-	Matriculate	6	11.07.2016	The Park, Hyderabad, Laundry Manager
Ammisetti Lakshman Raja	52	Executive	7,62,933/-	7,42,933/-	Graduate	27	06.06.1995	APSIDC Limited, Executive Secretary
Anupama Jha	29	Company Secretary	7,62,651/-	7,27,111/-	B.Com, A.C.S	4	12.11.2018	Landbase India Limited, Company Secretary
Sambasiva Rao Bhimavarapu	54	Executive	7,11,707/-	6,87,445/-	Matriculate	27	01.10.1995	J.J Associates, Electrical Supervisor
Teja Sundar Raj	55	Executive Secretary	7,06,231/-	6,73,119/-	Graduate	21	11.10.1999	Orbit Technologies Pvt. Limited,Executive Secretary
Kamal Sharma	47	Kitchen Specialist Group	6,34,988/-	6,14,988/-	Non-Matriculate	24	24.11.1997	Belavina Secundrabad, Cook
Balakrishnama Raju Srinivasan	50	Executive	5,86,259/-	5,63,423/-	Matriculate	27	04.12.1995	–

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

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. Mr. A. Chhibba, Managing Director, who is on deputation from ITC has been granted Stock Options by ITC in previous year(s) 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]. ITC (in the previous year) has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to Mr. Chhibba under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon Mr. Chhibba by such grant of Options / Units, and accordingly the said grants have 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 neither related to any Director of the Company nor hold any equity share in the Company.

On behalf of the Board

Date: 13th April, 2022
Place: Hyderabad

G. S. Reddy
Chairman

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 at31stMarch, 2022, 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 31stMarch, 2022, 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 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'.

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 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 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 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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 remuneration paid/ provided by the Company to the Managing Director during the year is in accordance with the provisions of Section 197 of the Act. The appointment of the Managing Director is subject to the 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 (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(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 its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities.
      (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.
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:22209354AGYRMD1676

Place: Secunderabad
Date: April 13, 2022

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 **Srinivasa Resorts Limited** ("the Company") as of 31st March, 2022 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 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 31st March, 2022, 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 LLP
Chartered Accountants
(F.R.N: 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354
UDIN:22209354AGYRMD1676

Place: Secunderabad
Date: April 13, 2022

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.

(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 31st March, 2022 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) 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) 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, 2022 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, 2022 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	33.84	22.89
Finance Act, 1994	Service Tax	Joint Commissioner (Service Tax)	2011-12 to 2014-15	346.64	346.64

The total disputed dues aggregating ₹380.48 lakhs as 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) In our opinion, though the Company is not required to have an internal audit system under Section 138 of the Companies Act, 2013. The internal audit is carried out by the internal audit department of its Holding Company. During the year, in accordance with the plan, no internal audit was carried out.

(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 more than one Core Investment Company ('CIC') as part of the group.

(xvii) The Company has incurred cash losses amounting to ₹ 57.05 lakhs during the financial year covered by our audit and ₹ 1,022.43 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:22209354AGYRMD1676

Place: Secunderabad
Date: April 13, 2022

Balance Sheet as at 31st March, 2022

	Note		As at 31st March, 2022 (₹ in Lakhs)		As at 31st March, 2021 (₹ in Lakhs)
ASSETS					
Non-current assets					
(a) Property, plant and equipment	3A		3952.60		4010.68
(b) Capital work-in-progress	3B		21.78		56.66
(c) Intangible assets	3C		8.94		3.96
(d) Other financial assets	9		2.13		8.37
(e) Other non-current assets	10		235.54		195.22
Total Non-current assets			**4220.99**		**4274.89**
Current assets					
(a) Inventories	4		111.53		166.64
(b) Financial assets					
(i) Investments	5	3839.59		3851.18	
(ii) Trade receivables	6	178.54		92.25	
(iii) Cash and cash equivalents	7	123.28		101.86	
(iv) Bank balances, other than (iii) above	8	1650.21		1575.00	
(v) Others	9	48.03	5839.65	43.03	5663.32
(c) Other current assets	10		207.43		186.37
Total Current assets			**6158.61**		**6016.33**
Total Assets			**10379.60**		**10291.22**
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	11	2400.00		2400.00	
(b) Other equity		6423.93	8823.93	6583.28	8983.28
Total Equity			**8823.93**		**8983.28**
Liabilities					
Non-current liabilities					
(a) Other financial liabilities	12		12.35		13.19
(b) Provisions	13		19.38		21.34
(c) Deferred tax liabilities (net)	15		90.36		141.71
Total Non-current liabilities			**122.09**		**176.24**
Current liabilities					
(a) Financial liabilities					
(i) Trade payables					
- Total outstanding dues to micro enterprises and small enterprises		–		–	
- Total outstanding dues to creditors other than micro enterprises and small enterprises	25	1130.17		891.05	
(ii) Other financial liabilities	12	156.65	1286.82	97.40	988.45
(b) Other current liabilities	14		141.33		137.44
(c) Provisions	13		5.43		5.81
Total Current liabilities			**1433.58**		**1131.70**
Total Equity and Liabilities			**10379.60**		**10291.22**

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
Hyderabad

Ashutosh Chhibba
Managing Director
Hyderabad

Mandrita Bose
Chief Financial Officer
Hyderabad

Anupama Jha
Company Secretary
New Delhi
Date: April 13, 2022

Place: Secunderabad
Date: April 13, 2022

Statement of Profit and Loss account for the year ended 31st March, 2022

		Note	For the Year ended 31st March, 2022 (₹ in Lakhs)	For the Year ended 31st March, 2021 (₹ in Lakhs)
I	Revenue from operations	16	4217.59	2279.91
II	Other income	17	268.08	393.87
III	**Total income (I+II)**		**4485.67**	**2673.78**
IV	**Expenses**			
	Cost of materials consumed		584.22	382.89
	Changes in inventories of stock-in-trade		(0.17)	0.11
	Employee benefits expense	18	1419.86	1281.34
	Depreciation and amortization expense	19	305.36	307.80
	Other expenses	20	2391.56	1826.54
	Total expenses (IV)		**4700.83**	**3798.68**
V	**Loss before tax (III- IV)**		(215.16)	(1124.90)
VI	**Tax expense:**			
	Deferred tax	15	(52.47)	(283.00)
VII	**Loss for the year (V - VI)**		**(162.69)**	**(841.90)**
	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss:			
	(i) Remeasurements of defined benefit plans	26	4.46	10.07
	(ii) Income tax relating to items that will not be reclassified to profit or loss	15	1.12	2.53
VIII	**Other comprehensive income for the year (i - ii)**		**3.34**	**7.54**
IX	**Total comprehensive loss for the year (VII+VIII)**		**(159.35)**	**(834.36)**
X	**Earnings per equity share (Face value of ₹ 10 each)**	**21**		
	Basic (in ₹)		(0.68)	(3.51)
	Diluted (in ₹)		(0.68)	(3.51)

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 13, 2022

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman
Hyderabad

Ashutosh Chhibba
Managing Director
Hyderabad

Mandrita Bose
Chief Financial Officer
Hyderabad

Anupama Jha
Company Secretary
New Delhi
Date: April 13, 2022

Cash Flow Statement for the year ended 31st March, 2022

		For the year ended 31st March, 2022 (₹ in Lakhs)		For the year ended 31st March, 2021 (₹ in Lakhs)
A. Cash flow from operating activities				
Net Loss before tax		**(215.16)**		**(1124.90)**
Adjustments for:				
– Depreciation and amortization expense	305.36		307.80	
– Interest income	(86.22)		(118.55)	
– (Gain) / Loss on sale / transfer of property, plant and equipment	12.24		–	
– Provision for doubtful receivables	–		1.51	
– Liabilities no longer required written back	(41.67)		–	
– Net (gain)/loss arising on investments mandatorily measured at fair value through Profit or Loss	(152.16)		(251.69)	
		37.55		(60.93)
Operating Loss before working capital changes		**(177.61)**		**(1185.83)**
Adjustments for:				
– Trade receivables	(86.29)		146.05	
– Inventories	55.11		9.80	
– Other assets	(28.03)		(82.45)	
– Trade payables	274.31		(73.28)	
– Other payables	34.01		34.44	
		249.11		34.56
Cash generated from / (used in) operations		**71.50**		**(1151.27)**
Income tax paid/ refund (net)		(31.85)		160.39
Net Cash generated from/ (used in) operating activities		**39.65**		**(990.88)**
B. Cash Flow from investing activities				
– Purchase of property, plant and equipment	(192.72)		(146.66)	
– Purchase of current investments	(525.05)		(6078.85)	
– Sale/redemption of current investments	688.80		7233.72	
– Redemption / proceeds from bank deposits (original maturity more than 3 months)	1575.00		1485.00	
– Investment in bank deposits (original maturity more than 3 months)	(1650.21)		(1575.00)	
– Interest income	85.95		130.82	
Net cash generated from/ (used in) investing activities		**(18.23)**		**1049.03**
C. Cash Flow from financing activities		–		–
Net increase in cash and cash equivalents (A+B+C)		**21.42**		**58.15**
Opening Cash and cash equivalents		101.86		43.71
Closing Cash and cash equivalents		**123.28**		**101.86**

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, 2022 (₹ in Lakhs)	As at March 31, 2021 (₹ in Lakhs)
– Balances with banks in current accounts	**117.39**	98.24
– Cash on hand	**5.89**	3.62
Total	**123.28**	101.86

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 13, 2022

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman
Hyderabad

Ashutosh Chhibba
Managing Director
Hyderabad

Mandrita Bose
Chief Financial Officer
Hyderabad

Anupama Jha
Company Secretary
New Delhi
Date: April 13, 2022

Statement of changes in equity for the year ended 31st March, 2022

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, 2022	**2400.00**	**–**	**2400.00**
For the year ended March 31, 2021	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, 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 income / (loss)	-	(159.35)	-	(159.35)
Balance as at March 31, 2022	**0.95**	**5616.55**	**806.43**	**6423.93**
Balance as at 1st April, 2020	0.95	6610.26	806.43	7417.64
Loss for the year	-	(841.90)	-	(841.90)
Other comprehensive income [net of tax]	-	7.54	-	7.54
Total comprehensive income / (loss)	-	**(834.36)**	-	**(834.36)**
Balance as at March 31, 2021	**0.95**	**5775.90**	**806.43**	**6583.28**

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

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place: Secunderabad
Date: April 13, 2022

On behalf of the Board

Gunupati Sivakumar Reddy
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Chief Financial Officer
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Anupama Jha
Company Secretary
New Delhi
Date: April 13, 2022

Notes to the Financial Statements

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.

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.

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

Notes to the Financial Statements (Contd.)

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. 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 transaction price 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 the value of the respective contractual obligations. They 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.

Revenue

Revenue is measured at the fair value of the consideration received or receivable 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.

Notes to the Financial Statements (Contd.)

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 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 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 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.

Notes to the Financial Statements (Contd.)

(₹ in Lakhs)

	Particulars	Gross Block							Depreciation and Amortisation							Net Book Block	
		As at 31st March, 2020	Additions	Withdrawals and Adjustments	As at 31st March, 2021	Additions	Withdrawals and Adjustments	As at 31st March, 2022	Upto 31st March, 2020	For the year	Withdrawals and Adjustments	Upto 31st March, 2021	For the year	Withdrawals and Adjustments	Upto 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021
3A.	Property, Plant and Equipment																
	Land	100.00	–	–	100.00	–	–	100.00	–	–	–	–	–	–	–	100.00	100.00
	Buildings	2565.86	1.56	–	2567.42	–	–	2567.42	263.63	53.26	–	316.89	53.26	–	370.15	2197.27	2250.53
	Plant and Equipment	2598.26	72.80	–	2671.06	130.31	42.92	2758.45	1120.63	199.68	–	1320.31	184.26	35.39	1469.18	1289.27	1350.75
	Furnitures and Fixtures	283.24	34.21	–	317.45	–	0.47	316.98	135.32	22.06	–	157.38	23.18	–	180.56	136.42	160.07
	Vehicles	194.84	–	–	194.84	108.64	19.09	284.39	103.85	20.51	-	124.36	24.29	16.88	131.77	152.62	70.48
	Office Equipment	0.81	–	–	0.81	–	–	0.81	0.17	0.03	–	0.20	0.03	–	0.23	0.58	0.61
	Computers	73.16	19.45	–	92.61	10.00	4.06	98.55	56.99	4.56	–	61.55	10.19	2.11	69.63	28.92	31.06
	Computer servers and networks	56.56	40.04	–	96.60	9.72	0.08	106.24	44.19	5.23	–	49.42	9.30	–	58.72	47.52	47.18
	Total (A)	**5872.73**	**168.06**	–	**6040.79**	**258.67**	**66.62**	**6232.84**	**1724.78**	**305.33**	-	**2030.11**	**304.51**	54.38	**2280.24**	**3952.60**	**4010.68**
3B.	**Capital work-in-progress (B) (refer note 2 below)**	**51.64**	**177.21**	**172.19**	**56.66**	**229.62**	**264.50**	21.78	–	–	-	-	-	-	-	21.78	**56.66**
3C.	**Intangible assets**																
	Software	24.43	4.13	–	28.56	5.83	–	34.39	22.13	2.47	-	24.60	0.85	-	25.45	8.94	3.96
	Total (C)	**24.43**	**4.13**	–	**28.56**	**5.83**	–	**34.39**	**22.13**	**2.47**	-	**24.60**	**0.85**	-	**25.45**	**8.94**	**3.96**

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 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**

As at 31st March 2021	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	12.33	44.32	-	-	56.66
Total	**12.33**	**44.32**	-	-	**56.66**

Notes to the Financial Statements (Contd.)

	As at 31st March, 2022 (₹ in Lakhs)	As at 31st March, 2021 (₹ in Lakhs)
4. Inventories		
(At lower of cost and net realisable value)		
Food and beverages	73.51	119.06
Stores and spares	37.26	46.99
Finished goods held for resale	0.76	0.59
Total	111.53	166.64

Cost of inventory recognised as expense during the year amount to ₹ 722.80 Lakhs (2020-2021 - ₹ 507.98 Lakhs)

	As at 31st March, 2022 (₹ in Lakhs)	As at 31st March, 2021 (₹ in Lakhs)
5. Current investments		
Unquoted investment in mutual funds [Measured at fair value through profit or loss(FVTPL)] (Refer note below)		
– Aditya Birla Sun Life Liquid Fund (March 31,2021 : 1,65,618.052 units of ₹ 100 each)	–	545.40
– Axis Liquid Fund (16,600.618 units of ₹ 1000 each)	392.45	–
– Aditya Birla Sun Life Savings Fund (2,56,820.511 units of ₹ 100 each)	1143.65	1096.20
– ICICI Prudential Savings Fund (2,66,231.609 units of ₹ 100 each)	1153.75	1107.53
– Axis Treasury Advantage Fund (44,391.142 units of ₹ 1000 each)	1149.74	1102.05
Total	3839.59	3851.18

Note:

Gain as at year end on account of measuring the investments at fair value through profit or loss amounts to ₹ 453.45 Lakhs (March 31, 2021: ₹ 306.20 Lakhs)..

	As at 31st March, 2022 (₹ in Lakhs)	As at 31st March, 2021 (₹ in Lakhs)
6. Trade receivables (Current) (refer note 6.1 below)		
Secured, considered good	11.35	11.35
Unsecured, considered good	167.19	80.90
Credit impaired	24.85	31.36
Allowance for credit impairment	(24.85)	(31.36)
Total	178.54	92.25

		As at 31st March, 2022 (₹ in Lakhs)		As at 31st March, 2021 (₹ in Lakhs)
7. Cash and cash equivalents				
Balances with banks in current accounts	117.39		98.24	
Cash on hand	5.89		3.62	
Total		123.28		101.86
8. Other bank balances				
In deposit accounts (refer note below)	1,650.21		1,575.00	
Total		1,650.21		1,575.00

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.

	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
9. Other financial assets				
Security deposits	13.53	2.13	6.35	8.37
Interest accrued on deposits	29.44	–	29.17	–
Recoverable from employees	5.06	–	7.51	–
Total	48.03	2.13	43.03	8.37

	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
10. Other assets				
Advances :				
Prepaid Expenses	73.04	8.71	58.75	0.23
Balances with government authorities	4.34	–	–	–
Commercial advance	15.35	–	4.52	–
Advance tax (net of provisions)	–	130.92	–	99.08
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	–	123.10	–
Total	207.43	235.54	186.37	195.22

6.1. Ageing of Trade Receivables

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
Total	126.56	42.92	-	3.07	4.08	26.76	203.39

As at 31st March 2021	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	61.78	17.47	3.86	4.98	4.16	-	92.25
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	-	-	-	-	-	20.14	20.14
Total	61.78	17.47	3.86	4.98	4.16	31.36	123.61

11. Equity share capital

	As at 31st March, 2022		As at 31st March, 2021	
	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, 2022	As at 31st March, 2021
	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, 2022		As at 31st March, 2021	
	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, 2022		As at 31st March, 2021	
	No. of Shares	%	No. of Shares	%
ITC Limited	1,63,20,477	68.00%	1,63,20,477	68.00%
G Siva Kumar Reddy	13,04,230	5.43%	13,04,230	5.43%
G Sulochanamma	15,00,000	6.25%	15,00,000	6.25%

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 2022			As at 31st March 2021		
		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 INR 10 each fully paid	ITC Limited	163,20,477	68.00%	-	163,20,477	68.00%	-
	G. Sivakumar Reddy	13,04,230	5.43%	-	13,04,230	5.43%	-
	G. Sulochanamma	15,00,000	6.25%	-	15,00,000	6.25%	-
	N. Shailaja Reddy	10,00,000	4.17%	-	10,00,000	4.17%	-
	G. Samyuktha Reddy	6,15,810	2.57%	-	6,15,810	2.57%	-
	B. Bharathi Reddy	10,00,000	4.17%	-	10,00,000	4.17%	-
	G.V. Pranav Reddy	8,00,000	3.33%	-	8,00,000	3.33%	-
	M.V. Rachita	10,00,000	4.17%	-	10,00,000	4.17%	-
	GSR Projects Private Ltd.	4,59,483	1.91%	-	4,59,483	1.91%	-
Total		240,00,000	100.00%	-	240,00,000	100.00%	-

		As at 31st March, 2022 (₹ in Lakhs)		As at March 31, 2021 (₹ in Lakhs)	
		Current	Non-Current	Current	Non-Current
12.	**Other financial liabilities**				
	Sundry deposits	12.58	9.75	9.13	12.95
	Payable to employees	101.03	–	81.71	–
	Payable for property, plant and equipment	41.85	–	4.94	–
	Payable towards employee share based payments	1.19	2.60	1.62	0.24
	Total	**156.65**	**12.35**	97.40	13.19
13.	**Provisions**				
	Provision for employee benefits:				
	— Gratuity [Refer Note 26]	–	–	0.62	2.47
	— Compensated absences	5.43	19.38	5.19	18.87
	Total	**5.43**	**19.38**	5.81	21.34
14.	**Other current liabilities**				
	Advances received from customers	120.74	–	122.87	–
	Statutory liabilities	20.59	–	14.57	–
	Total	**141.33**	–	137.44	–
15.	**Deferred tax liabilities (Net)**				
	Deferred tax liabilities	–	614.69	–	583.82
	Deferred tax assets	–	524.33	–	442.11
	Total	–	**90.36**	–	141.71

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
	(₹ in Lakhs)		(₹ in Lakhs)	
2020-21				
Deferred tax liabilities in relation to:				
On depreciation	512.88	(6.12)	–	506.76
On financial assets at fair value through profit or loss	25.00	52.06	–	77.06
Total deferred tax liabilities (A)	**537.88**	**45.94**	**-**	**583.82**
Deferred tax assets in relation to:				
On provision for employee benefits	8.06	1.30	(2.53)	6.83
On provision for doubtful debts	7.52	0.39	–	7.91
On unabsorbed depreciation and business losses	100.12	327.25	–	427.37
Total deferred tax assets (B)	**115.70**	**328.94**	**(2.53)**	**442.11**
Deferred tax liabilities (net) [A-B]	**422.18**	**(283.00)**	**2.53**	**141.71**
2021-22				
Deferred tax liabilities in relation to:				
On depreciation	506.76	(6.19)	–	500.57
On financial assets 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:				
On provision for employee benefits	6.83	0.53	(1.12)	6.24
On provision for doubtful debts	7.91	(1.64)	–	6.27
On 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**

Notes to the Financial Statements (Contd.)

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
16. Revenue from operations		
Sale of services:		
Rooms	1627.50	743.79
Food and beverage	2413.33	1348.19
Recreation and other services	97.81	61.19
Total	**4138.64**	**2153.17**
Other operating revenue *	78.95	126.74
Total	**4217.59**	**2279.91**

Note:
* Includes Government grants received/ accrued of ₹ Nil (2020-2021: ₹ 108.12 Lakhs) on account of Service Exports from India Scheme (SEIS)

17. Other Income		
Interest income	86.22	118.55
Other non operating income	29.70	23.07
Other gains and losses	152.16	252.25
Total	**268.08**	**393.87**
Interest income comprises interest from:		
a) Deposits with bank - carried at amortised cost	83.87	95.37
b) Others - from statutory authorities	2.35	23.18
	86.22	**118.55**
Other gains and losses:		
a) Net foreign exchange (loss) / gain	–	0.56
b) Net gain arising on financial assets mandatorily measured at FVTPL (refer note below)	152.16	251.69
	152.16	**252.25**

Note:
Includes net gain/ (loss) on sale of current investments amounting to ₹ 4.91 Lakhs (2020-2021: ₹ (54.51) Lakhs).

18. Employee benefits expense		
Salaries, wages and bonus	714.28	705.89
Contribution to provident and other funds	45.84	48.91
Gratuity (Refer note 26)	13.74	11.25
Remuneration of managers on deputation reimbursed	488.67	381.47
Employee share based payments	2.13	3.55
Staff welfare expenses	155.20	130.27
Total	**1419.86**	**1281.34**
19. Depreciation and amortisation expense		
Depreciation-Tangible Assets	304.51	305.33
Amortisation on Intangible Assets	0.85	2.47
Total	**305.36**	307.80
20. Other expenses		
Consumption of stores and supplies	199.41	194.73
Power and fuel	531.20	405.98
Rent	81.58	79.33
Repairs to building	39.51	39.28
Repairs to machinery	157.79	129.82
Repairs - others	43.31	22.48
Insurance	32.87	38.81
Rates and taxes	175.06	172.65
Travelling and conveyance	53.68	36.77
Technical and consultancy fees	234.51	110.49
Printing and stationary	14.74	15.38
Information technology services	134.47	110.20
Advertising / Sales Promotion	16.77	19.56
Training and development	25.71	22.78

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
Legal expenses	6.07	4.40
Postage, telephone, etc.	7.85	8.46
Commission paid to travel agents	112.81	59.23
Bank and credit card charges	37.48	19.43
Hotel reservation/ marketing expenses	95.96	51.57
Contract services	267.16	195.68
Loss on property, plant and equipment sold / discarded	12.24	–
Provision for doubtful debts	–	1.51
Miscellaneous expenses	98.99	75.48
Auditors' remuneration and expenses (excluding taxes)		
Audit Fees	11.00	11.00
Tax Audit Fees	1.00	1.00
Reimbursement of Expenses	0.39	0.52
Total	**2391.56**	**1826.54**

	31st March, 2022 (₹ in Lakhs)	31st March, 2021 (₹ in Lakhs)
21. Earnings per share		
Profit / (Loss) after taxation [A]	(162.69)	(841.90)
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]	(0.68)	(3.51)
22. Commitments		
The estimated amount of contracts remaining to be executed on capital account (net of advances: ₹ Nil; March 31, 2021: ₹ Nil)	34.93	40.54
23. Contingent liability		
Claims against the Company not acknowledged as debts:		
i) Indirect taxation matters *	380.48	379.52
ii) Others	18.45	18.45

*including interest on claims, where applicable, estimated to be ₹ 16.29 Lakhs (March 31, 2021 : ₹ 15.33 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, 2022 (₹ in Lakhs)	31st March, 2021 (₹ in Lakhs)
a) Segment Revenue		
- Within India	4138.64	2153.17
- Outside India	–	–
b) Non Current Assets		
- Within India	4220.99	4274.89
- 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, 2022 (2021 - ₹ 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, 2022. 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 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	1,130.17
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	**95.81**	**886.88**	**118.93**	**3.41**	**4.42**	**20.72**	**1,130.17**

As at 31st March 2021	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	81.14	706.95	42.80	11.79	20.66	27.71	891.05
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	**81.14**	**706.95**	**42.80**	**11.79**	**20.66**	**27.71**	**891.05**

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, 2022 (₹ in Lakhs) Gratuity Funded	For the year ended 31st March, 2021 (₹ in Lakhs) Gratuity Funded
I. Components of Employer Expense		
A. Recognised in Statement of Profit and Loss		
- Current Service Cost	14.24	11.15
- Net interest Cost	(0.50)	0.10
Total expense recognised in the Statement of Profit and Loss (A)	**13.74**	**11.25**
B. Re-measurements recognised in Other Comprehensive Income		
- Return on plan assets (excluding amounts included in net interest cost)	(0.07)	(0.30)
- Effect of changes in financial assumptions	(2.66)	-
- Effect of changes in demographic assumptions	-	(0.52)
- Effect of experience adjustments	(1.73)	(9.25)
Total re-measurements included in Other Comprehensive Income (B)	**(4.46)**	**(10.07)**
Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income (A+B)	**9.28**	**1.18**

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.

	2022	2021
II. Net Asset/Liability recognised in Balance Sheet		
- Present Value of Defined Benefit Obligation	159.68	151.83
- Fair Value of Plan Assets	159.68	148.74
- Status [Surplus/(Deficit)]	-	**(3.09)**
- Non-Current	-	2.47
- Current	-	0.62
III. Change in Defined Benefit Obligation		
Present Value of DBO at the beginning of the year	151.83	146.72
- Current Service cost	14.24	11.15
- Interest cost	9.14	9.00
- Re-measurements gains/ (losses)		
a. Effect of changes in demographic assumptions	-	(0.52)
b. Effect of changes in financial assumptions	(2.66)	-
c. Effect of experience adjustments	(1.73)	(9.25)
- Benefits paid	(11.14)	(5.27)
Present Value of DBO at the end of the year	**159.68**	**151.83**
IV. Best Estimate of Employer's Expected Contribution for the next year	32.09	32.52
V. Change in Fair Value of Assets		
Plan Assets at the beginning of the year	148.74	136.30
- Interest Income	9.64	8.91
- Re-measurements gains/ (losses) on plan assets	0.07	0.30
- Actual company contributions	12.37	8.50
- Benefits paid	(11.14)	(5.27)
Plan Assets at the end of the year	**159.68**	**148.74**
VI. Actuarial Assumptions		
- Discount rate	6.75%	6.25%
- 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, 2022	DBO as at 31st March, 2021
- Discount rate +100 basis points	150.14	146.47
- Discount rate -100 basis points	161.05	157.62
- Salary Increase Rate +1%	160.28	156.84
- Salary Increase Rate -1%	150.77	147.11
- Attrition Rate +1%	155.63	151.92
- Attrition Rate -1%	155.17	151.76
Maturity analysis of the benefit payments		
- Year 1	27.42	28.16
- Year 2	24.34	21.95
- Year 3	19.67	19.24
- Year 4	16.68	15.56
- Year 5	12.58	13.06
- Next 5 years	30.15	31.64

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
Jagdish Singh	Non-Executive Director (resigned w.e.f November 13, 2021)
Ashish Thakar	Non-Executive Director (from November 13, 2021)
B.N. Suresh Reddy	Non-Executive Director
Kuldeep Bhartee	Non-Executive Director
G Pranav Reddy	Non-Executive Director
Anil Chadha	Non-Executive Director
N.R.Pradeep Reddy	Non-Executive Director
Ashwin Moodliar	Non-Executive Director
Ashutosh Chhibba*	Managing Director

* Appointment subject to approval by the members at the ensuing Annual General Meeting of the Company.

Chief Financial Officer	Ms. Mandrita Bose
Company Secretary	Ms. Anupama Jha

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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Sales of services	39.02	18.38	3.62	2.27	-	-	-	-
Purchase of goods	46.40	33.75	-	-	-	-	-	-
Purchase of services:					-	-		
- Hotel services	3.38	12.87	-	-	-	-	-	-
- Service fee	260.98	88.34	-	-	-	-	-	-
- Others	-	-	18.73	13.82	-	-	-	-
Rent paid	-	-	-	-	-	-	11.76	11.76
Employee share based payments	2.13	3.55	-	-	-	-	-	-
Managerial Remuneration (includes reimbursement to holding company amounting to ₹ 110.95 Lakhs; March 31, 2021: ₹ 50.95 Lakhs)	-	-	-	-	118.76	66.24	-	-
Reimbursement of contractual remuneration:								
- Others	465.67	399.18	-	-	-	-	-	-
Expenses recovered	46.42	34.51	-	-	-	-	-	-
Expenses reimbursed:					-	-		
- Others	155.76	142.91	-	-	-	-	-	-

v) Outstanding balances arising from sales/purchase of goods and services : (₹ in Lakhs)

	Holding Company		Others		Key Management Personnel		Relatives of Key Management Personnel	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Balance outstanding at the year end :								
- Receivables	**1.44**	7.27	**1.21**	0.61	-	-	-	-
- Deposits taken	-	-	**0.50**	0.50	-	-	-	-
- Payables (Refer note below)	**106.64**	42.81	-	3.00	-	-	**0.88**	0.98

Note: Net of TDS amounting to ₹ 23.77 Lakhs (March 31, 2021: ₹ 14.41 Lakhs)

28. Reconciliation of effective tax rate:

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
Profit/ (Loss) before income tax expense	**(215.16)**	**(1124.90)**
Income tax calculated @ 25.17%	**(54.15)**	**(283.14)**
Tax effect of amounts which are not deductible in calculating taxable income	-	-
Effect of tax relating to uncertain tax positions	**0.54**	0.89
Benefit of previously unrecognised tax losses	**1.14**	(0.75)
Effect of different tax rates on certain items	-	-
Effect of change in tax rates	-	-
Income tax expense	(52.47)	(283.00)

Notes to the Financial Statements (Contd.)

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 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.

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, 2022	As at 31st March, 2021
	No. of Options	No. of Options
Outstanding at the beginning of the year	11,543	4,950
Add: Granted during the year	200	–
Options Forfeited / Surrendered during the year	(1350)	(1350)
Options due to transfer in and transfer out	(1475)	9,090
Less: Exercised during the year	–	(1147)
Outstanding at the end of the year	8,918	11,543
Options exercisable at the end of the year	8,718	11,543
Options Vested and Exercisable during the year	–	1,439

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 ₹ 0.21 Lakhs (2021 – ₹ 1.83 Lakhs) towards ITC ESOS and ₹ 1.92 Lakhs (2021 – ₹ 1.72 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, 2022 and March 31, 2021

Particulars	Numerator	Denominator	31st March, 2022	31st March, 2021	Variance	Reason for variance
Current ratio	Current Assets	Current Liabilities	4.30	5.32	-19%	
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)	Net Loss after Taxes	Average Shareholder's Equity	-	-	-	**
Inventory Turnover ratio	Sales	Average Inventory	29.76	12.55	137%	Inventory optimisation measures were undertaken to manage inventory with reduced lead times and optimum stocking.
Trade Receivable Turnover Ratio	Sales	Average Trade Receivable	30.57	12.97	136%	The increase is on account of pick up in business volumes primarily led by Corporates and crew segment, which is in the regular course of operations.
Trade Payable Turnover Ratio	Net credit purchases	Average Trade Payables	2.52	2.09	20%	
Net Capital Turnover Ratio	Sales	Working Capital	0.88	0.44	100%	Due to increase in the revenues, the company was able to effectively improve the utilisation of net working capital.
Net Profit ratio	Net Loss after Taxes	Sales	-	-	-	**
Return on Capital Employed (ROCE)	Loss before Interest and Taxes	Average Capital Employed	-	-	-	**
Return on Investment (ROI)	Income generated from Investment	Average Investment	0.04	0.06	-33%	The decrease is on account of redemption of Investments owing to Pandemic as to fund operational exigencies.

** The business could not perform to its capacity, due to Covid led challenges. While the business has recovered to 72% over pre pandemic level and evidenced a growth of 83% from pre-pandemic levels, however business was not back to normal and underperformed due to travel restriction and environmental challenges. While spend optimisation and cost reduction measures were strictly monitored, business could not deliver profits, however controlled its losses.

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, 2022		As at 31st March, 2021	
		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	123.28	123.28	101.86	101.86
ii) Other bank balances	8	1650.21	1650.21	1575.00	1575.00
iii) Trade receivables	6	178.54	178.54	92.25	92.25
iv) Other financial assets	9	48.03	48.03	43.03	43.03
Sub - total		2000.06	2000.06	1812.14	1812.14
b) Measured at Fair value through Profit or Loss					
i) Investment in mutual funds	5	3839.59	3839.59	3851.18	3851.18
Sub - total		3839.59	3839.59	3851.18	3851.18
Total financial assets		5839.65	5839.65	5663.32	5663.32
B. Financial liabilities					
a) Measured at amortised cost					
i) Trade payables	25	1130.17	1130.17	891.05	891.05
ii) Other financial liabilities	12	169.00	169.00	110.59	110.59
Sub - total		1299.17	1299.17	1001.64	1001.64
Total financial liabilities		1299.17	1299.17	1001.64	1001.64

* 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 ₹ 6158.61 Lakhs (March 31, 2021 – ₹ 6016.33 Lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 5613.08 Lakhs (March 31, 2021 – ₹ 5528.04 Lakhs) against an aggregate Current liability of ₹ 1433.58 Lakhs (March 31, 2021 – ₹1131.70 Lakhs). Further, while the Company's total equity stands at ₹ 8823.93 Lakhs (March 31, 2021 – ₹ 8983.28 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 ₹ 178.54 Lakhs (2021 - ₹ 92.25 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, 2022	As at 31st March, 2021
Opening Balance	31.36	29.85
Add: Provisions made (net)	(6.51)	1.51
Closing Balance	24.85	31.36

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 ₹ 3839.59 Lakhs (2021 - ₹ 3851.18 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, 2022 Fair Value (₹ in Lakhs)**	As at 31st March, 2021 Fair Value (₹ in Lakhs)
Financial assets **a) Measured at Fair Value through Profit or Loss** (i) Investment in mutual funds	1	**3839.59**	3851.18
Total		**3839.59**	3851.18

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 13, 2022.

On behalf of the board

Gunupati Sivakumar Reddy
Chairman
Hyderabad

Ashutosh Chhibba
Managing Director
Hyderabad

Mandrita Bose
Chief Financial Officer
Hyderabad

Anupama Jha
Company Secretary
New Delhi

Date: April 13, 2022

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

1. Your Directors submit their Report for the financial year ended 31st March, 2022.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company recorded an Operating Income of ₹ 2504.55 lakhs (previous year: ₹ 1716.15 lakhs) representing an increase of 45.94% over the previous year. Other Income for the year aggregated ₹ 34.53 lakhs (previous year ₹ 54.40 lakhs) and profit for the year was ₹ 18.59 lakhs (previous year loss: ₹ 627.55 lakhs).

The financial results of your Company, summarised, are as under:

		For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
Profits			
a.	Profit / (Loss) Before Tax	**46.14**	(834.12)
b.	Less : Tax Expense		
	Current Tax	**4.72**	(2.04)
	Deferred Tax	**22.83**	(204.53)
c.	Profit / (Loss) for the year	**18.59**	(627.55)
d.	Other Comprehensive Income	**9.89**	(0.63)
e.	Total Comprehensive Income	**28.48**	**(628.18)**
Retained Earnings			
a.	At the beginning of the year	**1482.02**	2110.20
b.	Add : Profit/ (Loss) for the year	**18.59**	(627.55)
c.	Add : Other Comprehensive Income	**9.89**	(0.63)
d.	At the end of the year	**1510.50**	**1482.02**

3. **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, two hotels were flagged off i.e. Fortune Park Airport Road, Hubballi with 32 rooms and Fortune Resort Benaulim, Goa with 96 rooms. Both properties have got a good response and are scaling up operations on a month on month basis. With nine new alliances signed during the year, your Company has a healthy pipeline to be added to the operating inventory in the short to mid-term period. Currently, the Company has an aggregate inventory of nearly 4,400 rooms spread over 57 properties of which 39 are operating hotels. Of the balance 18 properties, around 9 are slated to be commissioned in the ensuing year.

The Company has established 'Fortune' as the premier 'value' brand in the Indian hospitality sector. The brand remains a frontrunner in its operating segment and is well positioned to sustain its leadership position in the industry.

The COVID-19 pandemic, which has significantly impacted the travel & tourism industry across all markets caused severe disruption with its second wave in all properties in the first quarter of the year. There was progressive recovery thereafter, especially in the leisure properties. 'Safe Stays' programme continues to be strengthened at the hotels with enhanced focus on safety, health and hygiene. Your Company has further guided operating hotels to enhance the focus of safety with hotels implementing a quality management system (QMS) to manage safety practices and 16 hotels have already achieved an ISO 9001:2015 certification in this regard.

4. **DIRECTORS**

(a) **Changes in Directors**

During the year under review, Mr. Jagdish Singh (DIN: 00042258) stepped down as the Non-Executive Director of the Company with effect from close of work on 8th November, 2021. Your Directors place on record their appreciation for the contribution made by Mr. Singh during his tenure with the Company.

The Board of Directors of the Company ('the Board') at its Meeting held on 8th November, 2021, appointed Mr. Anil Chadha (DIN 08073567) and Mr. Ashish Thakar (DIN: 09383474), as Additional Directors of the Company with immediate effect. In accordance with Section 161 of the Companies Act, 2013 ('the Act') read with Article 130 of the Articles of Association of the Company, Mr.Chadha and Mr.Thakar will vacate their offices at the ensuing Annual General Meeting ('AGM') and are eligible for appointment as Directors of the Company.

The Board at its meeting held on 14th April, 2022 recommended for the approval of the Members, the appointment of Mr. Chadha and Mr. Thakar 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 appointment of Mr. A. Chadha and Mr. A. Thakar as Directors, and they have given their consent to act as the Directors of your Company, if appointed.

Appropriate resolutions seeking approval of the Members to the above are appearing in the Notice convening the ensuing AGM of your Company.

There were no other changes in the composition of the Board 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 143 and 144 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-appointment. Your Board has recommended his re-appointment.

5. **BOARD AND BOARD COMMITTEES**

The present composition of your Board is as follows:

Mr. N. Anand - Non-Executive Director and Chairman
Mr. Samir M.C. - Managing Director
Mr. A. Chadha - Additional Non- Executive Director
Mr. A. Thakar - Additional Non- Executive Director

Five meetings of the Board were held during the year ended 31st March, 2022.

The Company has two Board Committees and their present composition is as follows:

A. **Corporate Social Responsibility Committee**

Mr. N. Anand - Chairman
Mr. Samir M.C. - Member
Mr. A. Thakar - Member

B. **New Alliance Approval Committee**

Mr. Samir M.C. - Member
Mr. A. Chadha - Member
Mr. A. Thakar - Member

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 employee(s) 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, is the Internal Auditor of the Company and it periodically carries out, at the request of the Company, 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.

A combination of policies and processes as outlined above adequately addresses the various risks associated with the Company's businesses, including those that arose due to the COVID-19 pandemic.

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 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.

11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The requirement of making any expenditure on CSR was not applicable to the Company for the financial year 2021-22, since the Company had incurred a loss during the immediately preceding financial year 2020-21. The Annual Report on CSR Activities 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, forming part of this Report.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2022, 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, the related party transactions (RPTs) entered into by your Company were in the ordinary course of business and on arm's length basis.

No material contracts or arrangements with related parties were entered into during the year under review. Accordingly, the disclosure of RPTs 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.

14. DEPOSITS

Your Company has not accepted any deposit from the public / members under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year.

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://www.fortunehotels.in/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. STATUTORY AUDITORS

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC') were appointed as the Auditors of the Company for a period of five years from the conclusion of the Twenty-Fourth AGM till the conclusion of the Twenty-Ninth AGM. 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 2022-23. 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.

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 of the Act.

20. 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, there were no foreign exchange earnings (previous year: Nil), and foreign exchange outflow aggregated ₹ 29.53 lakhs (previous year: ₹ 2.92 lakhs).

21. 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 : 14th April, 2022	**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, 2022

[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*	46	Managing Director	2,09,62,951/-	1,06,18,753/-	MBA, Diploma in Hotel Management	26	16.10.2017	ITC Limited, Executive Vice President
Dhananjay Saliankar*	57	Head-Sales & Marketing	69,64,313/-	35,02,787/-	B. A. (Economics)	31	01.12.2017	ITC Limited, General Manager – Sales & Marketing
N. Ramamoorthy*	56	Head, Technical Services, EHS & Projects	69,51,807/-	30,74,423/-	B. Tech in Electrical Engineering	32	01.01.2020	ITC Limited, Chief Engineer, ITC Grand Chola
Arindam Kunar*	52	Vice President – Operations	62,03,699/-	35,63,746/-	Diploma in Hotel Management	31	01.01.2019	ITC Limited, General Manager Operations
Gunjan Chadha*	48	Head Finance	55,15,525/-	31,63,217/-	ACA	25	04.12.2020	ITC Limited, Finance Controller-ITC Maurya
Raj Kamal Chopra*	55	Corporate Chef	47,98,416/-	25,93,179/-	B.Com (P), Diploma in Hotel Management	35	01.04.2013	ITC Limited, Executive Chef
Kovid Sharma*	44	Head-Human Resources	40,17,028/-	23,22,225/-	B.Sc. (Hons.) Statistics, Masters in IR & HRM	21	15.09.2017	ITC Limited – Manager – Human Resource
Vipin Ganesha Kudva	39	Regional Manager (West), Sales	30,10,521/-	23,04,661/-	Post Graduate Diploma in Management	16	01.10.2019	Keys Hotels, Director - Regional Sales
Ajay Joginderlal Sharma	55	General Manager	30,08,100/-	23,02,834/-	Diploma in Hotel Management	34	19.05.2015	Elixir Enterprises and Hotels Private Limited, Manager
Sharad Bhargava	46	Head – Business Development	28,91,010	21,39,220	Diploma in Hotel Management	26	01.08.2018	Sarovar Hotels Private Limited, GM-Development

** 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, 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.

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]. ITC in the previous year(s) have also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to certain employees under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is immediately conferred upon the employees by grant of such Options / Units, 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 of the Company nor hold any equity share in the Company.

On behalf of the Board

Dated : 14th April, 2022	**Samir M.C.**	**A Thakar**
Place : Gurugram	**Managing Director**	**Director**

Annexure 2 to the Report of the Board of Directors

Annual Report on Corporate Social Responsibility Activities of the Company for the financial year ended 31st March, 2022

1. **A brief outline on CSR Policy of the Company:**

The Company being 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 will undertake CSR activities (i) directly, or (ii) through a registered public trust or a registered society or a company 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 (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 as on 31st March, 2022:**

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. N. Anand	Chairman & Non-Executive Director	2	2
2.	Mr. Samir M.C.	Managing Director		2
3.	*Mr. A. Chadha	Additional Non- Executive Director		1
4.	*Mr. A. Thakar	Additional Non- Executive Director		1
5.	$Mr. J. Singh	Non- Executive Director		1

*Appointed as Member of the Committee w.e.f. 8th November, 2021
$Ceased to be Member with close of work on 8th November, 2021

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 at https://www.fortunehotels.in/csr.

4. The details 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 (attach the report): **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
Not Applicable			

6. Average net profits of the Company as per Section 135(5): ₹ **2,93,75,218**

(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 2021-22.
(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 (7a+7b-7c)	**Nil**

7. (a) 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
Nil	Not Applicable				

(b) Details of CSR amount spent against ongoing projects for the financial year

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration No.
Not Applicable												

(c) Details of CSR amount spent against other than ongoing projects for the financial year

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.
Not Applicable									

(d) Amount spent in Administrative Overheads: **Nil**

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **Nil**

(g) Excess amount for set off, if any: **Not Applicable**

Sl. No.	**Particular**	**Amount (in ₹)**
(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)]	

8. (a) Details of Unspent CSR amount for the preceding three financial years:

(1)	(2)	(3)	(4)	(5)			(6)
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	
Not Applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial year in which the Project was commenced	Project duration	Total amount allocated for the Project (in ₹)	Amount spent on the Project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the Project – Completed Ongoing
Not Applicable								

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): **Not Applicable**

(a) Date of creation or acquisition of the capital asset(s)

(b) Amount of CSR spent for creation or acquisition of capital asset

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

10. 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 : 14th April, 2022
Place : Gurugram

N. Anand
Chairman- CSR Committee

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 financial statements of Fortune Park Hotels Limited("the Company"), which comprise the Balance sheet as at March 31 2022, 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 thefinancial 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, 2022, 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 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 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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, 2022 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. No dividend has been declared or paid during the year by the Company.

For **SRBC & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982/E300003

per Tanmoy Das Mahapatra
Partner
Membership Number: 058259
UDIN:22058259AHBXDR6546
Place of Signature: Gurugram
Date: 14th April, 2022

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, 2022.

(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 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 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. In the immediately preceding financial year, the Company had incurred cash losses amounting to Rs. 8,24,55,067.

(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 28 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) 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 Tanmoy Das Mahapatra
Partner
Membership Number: 058259
UDIN: 22058259AHBXDR6546
Place of Signature: Gurugram
Date: 14th April, 2022

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE 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")

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, 2022, 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 Tanmoy Das Mahapatra

Partner

Membership Number: 058259

UDIN: 22058259AHBXDR6546

Place of Signature: Gurugram

Date: 14th April, 2022

BALANCE SHEET

(All amounts in rupees lakhs unless otherwise stated)

	Notes	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	11.13	18.49
Deferred tax assets (net)	4	446.34	472.50
Income tax assets (net)	5	463.98	465.85
Total non-current assets		921.45	956.84
Current assets			
Financial assets			
i. Investments	6(a)	486.69	231.80
ii. Trade receivables	6(b)	1,073.39	1,231.89
iii. Cash and cash equivalents	6(c)	67.01	33.92
iv. Others	6(d)	67.24	59.08
Other current assets	7	23.94	10.75
Total current assets		1,718.27	1,567.44
Total assets		2,639.72	2,524.28
EQUITY AND LIABILITIES			
Equity share capital	8	45.00	45.00
Other equity		1,877.98	1,849.50
Total equity		1,922.98	1,894.50
LIABILITIES			
Non-current liabilities			
Other financial liabilities	9(a)	36.02	23.53
Provisions	10(a)	48.03	66.67
Total non-current liabilities		84.05	90.20
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		113.43	104.04
ii. Other financial liabilities	9(c)	170.26	179.45
Provisions	10(b)	101.64	72.70
Other current liabilities	11	247.36	183.39
Total current liabilities		632.69	539.58
Total liabilities		716.74	629.78
Total equity and liabilities		2,639.72	2,524.28

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

Tanmoy Dasmahapatra
Partner
Membership Number : 058259

Place : Gurugram
Date : 14th April, 2022

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 14th April, 2022

Ashish Thakar
Director
DIN 09383474

Place : Gurugram
Date : 14th April, 2022

STATEMENT OF PROFIT AND LOSS

(All amounts in rupees lakhs unless otherwise stated)

	Notes	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Revenue from operations	12	2,504.55	1,716.15
Other income	13	34.53	54.40
Total income		**2,539.08**	**1,770.55**
Expenses			
Employee benefits expense	14	2,078.16	2,155.64
Depreciation expense	3	7.20	7.52
Other expenses	15	407.58	441.51
Total expenses		**2,492.94**	**2,604.67**
Profit/(Loss) before tax		**46.14**	**(834.12)**
Income tax expense			
- Current tax	16	4.72	(2.04)
- Deferred tax	16	22.83	(204.53)
Total tax expense		**27.55**	**(206.57)**
Profit/(Loss) for the year		**18.59**	**(627.55)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		13.22	(0.84)
- Income tax relating to these items		(3.33)	0.21
Other comprehensive income for the year, net of tax		**9.89**	**(0.63)**
Total comprehensive income for the year		**28.48**	**(628.18)**
Earnings per equity share (₹)			
Basic earnings per share	**17**	**4.13**	(139.45)
Diluted earnings per share	**17**	**4.13**	(139.45)

The accompanying notes 1 to 28 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 No. : 324982/E300003

Tanmoy Dasmahapatra
Partner
Membership Number : 058259

Place : Gurugram
Date : 14th April, 2022

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 14th April, 2022

Ashish Thakar
Director
DIN 09383474

Place : Gurugram
Date : 14th April, 2022

Statement of changes in equity

(All amounts in rupees lakhs unless otherwise stated)

A. Equity share capital

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**
Balance as at 1st April, 2020	**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, 2021	**45.00**

B. Other equity

	Reserves and Surplus			
	Capital Reserve	Retained Earnings	General Reserve	Total
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**	–	**28.48**
Balance at 31st March, 2022	**30.00**	**1,510.50**	**337.48**	**1,877.98**
Balance as at 1st April, 2020	**30.00**	**2,110.20**	**337.48**	**2,477.68**
Changes in accounting policy or prior period errors	–	–	–	–
Restated balance as at 1st April, 2021	–	–	–	–
Profit/(Loss) for the year	–	(627.55)	–	(627.55)
Other comprehensive income (net of tax)	–	(0.63)	–	(0.63)
Total comprehensive income	–	**(628.18)**	–	**(628.18)**
Balance at 31st March, 2021	**30.00**	**1,482.02**	**337.48**	**1,849.50**

- 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 Statement of changes in equity referred to in our report of even date.

For **SRBC & CO LLP**
Firm Registration No. : 324982/E300003

Tanmoy Dasmahapatra
Partner
Membership Number : 058259

Place : Gurugram
Date : 14th April, 2022

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 14th April, 2022

Ashish Thakar
Director
DIN 09383474

Place : Gurugram
Date : 14th April, 2022

CASH FLOW STATEMENT

(All amounts in rupees lakhs unless otherwise stated)

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Cash flow from operating activities		
Profit/(Loss) before tax	46.14	(834.12)
Adjustments for :		
Depreciation expense	7.20	7.52
Loss on sale of property, plant and equipment - Net	0.17	–
Provisions for doubtful debts and other financial assets	81.92	163.82
Bad debts written off	9.77	57.87
Net (gain)/loss arising on investments mandatorily measured at fair value through profit and loss	(13.18)	(27.68)
Operating profit/(loss) before working capital changes	132.02	**(632.59)**
Adjustments for :		
Trade receivables, advances and other assets	45.46	248.85
Trade payables, other liabilities and provisions	100.18	(93.24)
Cash generated from/(used) operations	277.66	**(476.97)**
Income tax (paid)/refund received	(2.85)	82.38
Net cash generated/(used) in operating activities	274.81	**(394.59)**
Cash flow from investing activities		
Purchase of current investments	(870.00)	(811.00)
Sale / redemption of current investments	628.28	1176.78
Net cash from investing activities	(241.72)	**365.78**
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	33.09	**(28.81)**
Opening cash and cash equivalents	33.92	62.73
Closing cash and cash equivalents	67.01	**33.92**
Cash and cash equivalents comprise of :		
Balances with Banks	66.99	33.80
Cash on hand	0.02	0.12
Cash and cash equivalents at the end of the year [Refer note 6(c)]	67.01	**33.92**

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: ₹ 0.15 lakhs) spent towards Corporate Social Responsibility.

The accompanying notes 1 to 28 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 No. : 324982/E300003

Tanmoy Dasmahapatra
Partner
Membership Number : 058259

Place : Gurugram
Date : 14th April, 2022

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 14th April, 2022

Ashish Thakar
Director
DIN 09383474

Place : Gurugram
Date : 14th April, 2022

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 39 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. 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 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 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.

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 fair value of the consideration received or receivable 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 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 Note6 (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, 2021						
Gross carrying amount						
Opening gross carrying amount	4.31	0.46	3.08	55.56	23.12	86.53
Additions	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Closing gross carrying amount	**4.31**	**0.46**	**3.08**	**55.56**	**23.12**	**86.53**
Accumulated depreciation						
Opening accumulated depreciation	2.61	0.30	2.54	41.67	13.39	60.51
Depreciation charge during the year	0.21	0.06	0.15	4.28	2.83	7.53
Disposals	–	–	–	–	–	–
Closing accumulated depreciation	**2.82**	**0.36**	**2.69**	**45.95**	**16.22**	**68.04**
Net carrying amount as at 31st March, 2021	**1.49**	**0.10**	**0.39**	**9.61**	**6.90**	**18.49**
Period 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**

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, 2020	56.08	–	214.06	1.76	271.90	(0.64)	(3.50)	(4.14)	267.76
(Charged)/credited:									
- to profit or loss	(18.81)	183.38	41.23	–	205.81	0.11	(1.39)	(1.28)	204.53
- to other comprehensive income	0.21	–	–	–	0.21	–	–	–	0.21
At 31st March, 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**

(a) The Company had long term capital losses of ₹ Nil (Previous year : ₹ 0.12 lakhs) for which deferred tax assets was not recognised, since it has expired in financial year 2021-22.

(b) An amount of ₹ 124.41 lakhs (Previous year : ₹ 183.38 lakhs) has been recognised as deferred tax assets on the business loss which is available for set off against future profits up to financial year 2028-29.

Note 5: Income tax assets (net)

	As at 31st March, 2022	As at 31st March, 2021
Advance tax [Net of provisions ₹ 438.20 lakhs (31.03.2021 ₹ 433.48 lakhs)]	463.98	465.85
Total income tax assets (net)	**463.98**	**465.85**

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, 2022	As at 31st March, 2021
Unquoted		
Investment in mutual funds measured at FVTPL		
ICICI Prudential Corporate Bond Fund [688057.13 units : Previous Year 688057.13 units)] of ₹ 10/- each	169.17	161.74
Axis Liquid Fund - Growth - Direct Plan [7292.611 units : Previous Year (Nil units)] of ₹ 1000/- each	172.40	–
Nippon India Liquid Fund - Growth- Direct Plan [2786.380 units : Previous Year (Nil units)] of ₹ 10/- each	145.12	–
SBI Liquid Fund [Nil units : Previous Year 1548.993 units)] of ₹ 10/- each	–	70.06
Total investments	**486.69**	**231.80**

Note 6(b) Trade receivables

	As at 31st March, 2022	As at 31st March, 2021
Secured, considered good	–	–
Unsecured, considered good	**1,073.39**	1,231.89
Which have significant increase in credit risk	–	–
Credit impaired	**1,040.17**	933.74
Less: Allowance for Credit impairment	**(1,040.17)**	(933.74)
Total	**1,073.39**	**1,231.89**

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**	**418.64**	**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**

Trade Receivable as on 31.03.2021	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	235.40	566.57	226.39	203.53	–	–	1231.89
- which have significant increase in credit risk	–	–	–	–	–	–	–
- credit impaired	–	–	12.31	443.36	69.23	19.62	544.52
Disputed Trade Receivables							
- considered good	–	–	–	–	–	–	–
- which have significant increase in credit risk	–	–	–	–	–	–	–
- credit impaired	–	–	–	–	58.99	330.22	389.21
Gross	**235.40**	**566.57**	**238.70**	**646.89**	**128.23**	**349.84**	**2165.63**
Less : Allowance for Trade Receivables							
- which have significant increase in credit risk - Undisputed	–	–	–	–	–	–	–
- which have significant increase in credit risk - disputed	–	–	–	–	–	–	–
- credit impaired - Undisputed	–	–	12.31	443.36	69.23	19.62	544.52
- credit impaired - disputed	–	–	–	–	58.99	330.22	389.21
Net	**235.40**	**566.57**	**226.39**	**203.53**	–	–	**1231.89**

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, 2022	As at 31st March, 2021
Balances with banks		
- in current accounts	**66.99**	33.80
Cash on hand	**0.02**	0.12
Total cash and cash equivalents	**67.01**	**33.92**

Note 6(d) Others

	As at 31st March, 2022	As at 31st March, 2021
Other assets - Unsecured unless stated otherwise		
- Contractually reimbursable cost - Considered good	**62.84**	55.28
- Contractually reimbursable cost - Credit impaired	**56.10**	80.61
Less: Provision for impairment	**(56.10)**	(80.61)
- Security deposits	**4.40**	3.80
Total others	**67.24**	**59.08**

Note 7 : Other current assets

	As at 31st March, 2022	As at 31st March, 2021
Other advances including prepayment expenses	**16.24**	2.28
GST recoverable	**7.70**	8.47
Total other current assets	**23.94**	**10.75**

Note 8: Equity share capital

Particulars		As at 31st March, 2022	As at 31st March, 2021
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, 2020	4,50,008
Add: Increase / less changes during the year	–
As at 31st March, 2021	4,50,008
Add: Increase / less changes during the year	–
As at 31st March, 2022	**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, 2022	As at 31st March, 2021
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, 2022		As at 31st March, 2021	
	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 31 March 2022			As at 31 March 2021		
		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 1 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, 2022	As at 31st March, 2021
Non-current Payable to holding company (Refer Note 21)	**36.02**	23.53
Total other financial liabilities	**36.02**	**23.53**

Note 9(b) : Trade payables

	As at 31st March, 2022	As at 31st March, 2021
Current		
Total outstanding dues of micro and small enterprises #	–	–
Total outstanding dues of creditors other than micro and small enterprises	113.43	104.04
Total trade payables	**113.43**	**104.04**

Ageing of Trade Payables

As at 31 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**

As at 31 March 2021	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	25.58	45.29	13.15	11.62	3.91	4.49	104.04
Disputed Dues - MSME #	–	–	–	–	–	–	–
Disputed Dues - Others	–	–	–	–	–	–	–
Total	**25.58**	**45.29**	**13.15**	**11.62**	**3.91**	4.49	**104.04**

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, 2022	As at 31st March, 2021
Current Employee benefits payable	**109.89**	62.24
Payable to holding Company (Refer Note 21)	**60.37**	117.21
Total other financial liabilities	**170.26**	**179.45**

Note 10 (a) Provisions

	As at 31st March, 2022	As at 31st March, 2021
Non-current		
Provision for employee benefits (Refer Note 14)		
- Retirement benefits	**47.48**	55.69
- Other benefits	**0.55**	10.98
Total provision	**48.03**	**66.67**

Note 10 (b) Provisions

	As at 31st March, 2022	As at 31st March, 2021
Current		
Provision for employee benefits (Refer Note 14)		
- Retirement benefits	**43.96**	37.36
- Other benefits	**57.68**	35.34
Total provision	**101.64**	**72.70**

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, 2022	As at 31st March, 2021
Deferred revenue received in advance #	153.91	105.35
Advance from customers	28.44	28.39
Statutory dues	65.01	49.65
Total other current liabilities	247.36	183.39

 # Revenue recognised in relation to contract liabilities

	As at 31st March, 2022	As at 31st March, 2021
Opening balance	105.35	52.40
Add: Received during the year net of revenue recognised during the year	72.21	59.85
Less: Revenue recognised that relates to carried-forward contract liabilities	23.65	6.90
Closing Balance	153.91	**105.35**

Note 12: Revenue from operations

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Rendering of services		
- Operating and marketing services	1,818.69	930.89
- Recoveries of salary*	685.86	785.26
Total revenue	2,504.55	**1,716.15**

* Recoveries of salary cost of deputed personnel from alliances.

Note 13 : Other income

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Interest income - from Others - (statutory authorities)	21.29	26.16
Exchange fluctuation gain/(loss)	(0.03)	-
Net gain/(loss) arising on financial assets mandatorily measured at FVTPL**	13.18	27.68
Miscellaneous income	0.09	0.56
Total other income	34.53	54.40

** Includes ₹ 4.55 lakhs (Previous Year: ₹ 22.16 lakhs) being net gain/(loss) on sale of investments.

Note 14: Employee benefits expense

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Salary, wages and bonus	1387.13	1497.15
Reimbursement of remuneration of deputed managers	535.07	516.62
Share based payments expense for deputed managers	33.64	25.88
Contribution to employees provident and other funds	84.06	99.88
Staff welfare expenses	38.26	16.11
Total employee benefits expense	2,078.16	**2,155.64**

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, 2020	**127.89**	**(130.54)**	**(2.65)**	2.65	–
Current service cost	22.59	–	22.59	–	22.59
Past service cost	–	–	–	–	–
Interest expense/(income)	6.58	(7.08)	(0.50)	–	(0.50)
Change in asset ceiling, excluding amounts included in interest expense	–	–	–	(2.65)	(2.65)
Total amount recognised in profit or loss	**29.17**	**(7.08)**	**22.09**	**(2.65)**	**19.44**
Remeasurements					
Return on plan assets, excluding amounts included in interest expense/(income)	–	(2.05)	(2.05)	–	(2.05)
(Gain)/loss from change in demographic assumptions	–	–	–	–	–
(Gain)/loss from change in financial assumptions	–	–	–	–	–
Experience (gains)/losses	(4.55)	–	(4.55)	–	(4.55)
Change in asset ceiling, excluding amounts included in interest expense	–	–	–	–	-
Total amount recognised in other comprehensive income	**(4.55)**	**(2.05)**	**(6.60)**	–	**(6.60)**
Contributions:					
Employers					
Plan participants	–	(1.50)	(1.50)	–	(1.50)
Benefit payments	(45.09)	45.09	–	–	–
31st March, 2021	**107.42**	**(96.08)**	**11.34**	–	**11.34**

	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**

The net liability disclosed above relates to funded and unfunded plans are as follows:

	31st March, 2022	31st March, 2021
Present value of funded obligations	**113.78**	107.42
Fair value of plan assets	**(101.83)**	(96.08)
Funded status	**11.95**	11.34
Effect of asset ceiling	**–**	–
Net defined benefit liability (asset)		
- Current obligation	**11.95**	11.34
- Non- current obligation	**–**	–
Total	**11.95**	11.34

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, 2022	31st March, 2021
Discount rate	**6.75% p.a.**	6.25% 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, 2022 ₹ lakhs	As At 31st March, 2021 ₹ lakhs
Discount Rate + 100 basis points	**111.07**	104.67
Discount Rate - 100 basis points	**116.65**	110.35
Salary Increase Rate + 1%	**116.69**	109.83
Salary Increase Rate – 1%	**110.99**	105.11
Attrition Rate + 1%	**113.56**	107.18
Attrition Rate – 1%	**113.98**	107.67

Leave encashment - unfunded

	As At 31st March, 2022 ₹ lakhs	As At 31st March, 2021 ₹ lakhs
	Present value of obligation	**Present value of obligation**
Opening Balance	**81.71**	91.96
Current service cost	**17.98**	6.06
Past service cost	–	–
Interest expense/(income)	**4.65**	4.85
Total amount recognised in profit or loss	**22.63**	**10.91**
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	**(10.11)**	7.44
Change in asset ceiling, excluding amounts included in interest expense	–	–
Total amount recognised in other comprehensive income	**(10.11)**	**7.44**
Contributions: Employers		
Plan participants	–	–
Benefit payments	**(14.75)**	(28.60)
Closing Balance	**79.48**	**81.71**
- Current obligation	**32.00**	**26.01**
- Non- current obligation	**47.48**	**55.70**

The significant actuarial assumptions were as follows:

	31st March, 2022	31st March, 2021
Discount rate	**6.75% p.a.**	6.25% 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, 2022 ₹ lakhs	As At 31st March, 2021 ₹ lakhs
Discount Rate + 100 basis points	**77.72**	79.79
Discount Rate - 100 basis points	**81.34**	83.73
Salary Increase Rate + 1%	**81.36**	83.34
Salary Increase Rate – 1%	**77.67**	80.13
Attrition Rate + 1%	**79.59**	81.83
Attrition Rate – 1%	**79.37**	81.58

[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 ₹ 63.52 lakhs (Previous year : ₹ 75.20 lakhs).

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, 2022	For the year ended 31st March, 2021
Repairs and maintenance - others	10.14	11.65
Rent (Refer note 22)	48.00	52.17
Printing and stationery	1.50	1.62
Travelling and conveyance	28.82	10.81
Advertisement / sales promotion	55.88	44.04
Legal expenses	8.23	3.43
Consultancy / professional fees	42.93	16.34
Postage and telephone	4.43	4.34
Insurance	14.17	19.28
Information technology services	91.17	36.37
Training and development	0.22	0.30
Bad debts written-off	9.77	57.87
Provisions for doubtful debts and other financial assets	81.92	163.82
Loss on sale of property, plant and equipment - Net	0.17	0.00
Payment to the auditors [Refer note 15(a)]	4.61	4.64
Expenditure towards corporate social responsibility activities [Refer note 15(b)]	–	14.59
Miscellaneous	5.62	0.24
Total other expenses	**407.58**	**441.51**

Note 15 (a): Details of payments to auditors

Payment to auditors (excluding GST)		
As auditor:		
Audit fees	3.50	3.50
Tax audit fees	1.00	1.00
Re-imbursement of expenses	0.11	0.14
Total payments to auditors	4.61	4.64

Note 15 (b): Corporate social responsibility expenditure

Amount required to be spent by the company during the year	–	14.58
Amount of expenditure incurred	–	14.59
Shortfall at the end of the year	–	–
Total of previous years shortfall	–	–
Reason for shortfall	NA	NA
Nature of CSR activities	NA	Contribution to Clean Ganga Fund
Details of Related party transactions	NA	NA
Movement in provision made with respect to liability	–	–

Note 16: Income tax expense

(a) Income tax expense

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Current tax		
Current tax on profits/(losses) for the year	4.72	(2.04)
Tax pertaining to prior years	–	–
Total current tax expense	4.72	**(2.04)**
Deferred tax		
Decrease / (increase) in deferred tax assets	21.38	**(205.81)**
(Decrease) / increase in deferred tax liabilities	1.45	**1.28**
Total deferred tax expense/(benefit)	22.83	**(204.53)**
Income tax expense	27.55	**(206.57)**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Profit/(Loss) before income tax expenses	46.14	(834.12)
Indian tax rate	25.17%	25.17%
Tax based on normal tax rate	11.61	(209.93)
Items not considered while determining taxable profits	8.47	3.36
Other Timing Differences	7.47	–
Total tax expense	27.55	**(206.57)**

Note 17: Earnings per equity share

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Profit/(Loss) after tax	18.59	(627.55)
Weighted average number of shares outstanding	4.50	4.50
Basic and diluted earnings per share (₹)	4.13	**-139.45**

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, 2022		As at 31st March, 2021	
		Carrying value	Fair value	Carrying value	Fair value
A. Financial assets					
a) Measured at amortised cost					
i) Trade receivables	6(b)	**1,073.39**	**1,073.39**	1,231.89	1,231.89
ii) Cash and cash equivalents	6(c)	**67.01**	**67.01**	33.92	33.92
iii) Others	6(d)	**67.24**	**67.24**	59.08	59.08
Sub-total		**1,207.64**	**1,207.64**	1,324.89	1,324.89
b) Measured at fair value through profit or loss					
i) Investments in mutual funds	6(a)	**486.69**	**486.69**	231.80	231.80
Sub-total		**486.69**	**486.69**	231.80	231.80
Total financial assets		**1,694.33**	**1,694.33**	1,556.69	1,556.69
B. Financial liabilities					
a) Measured at amortised cost					
i) Other financial liabilities-non current	9(a)	**36.02**	**36.02**	23.53	23.53
ii) Trade payables	9(b)	**113.43**	**113.43**	104.04	104.04
iii) Other financial liabilities - current	9(c)	**170.26**	**170.26**	179.45	179.45
Total financial liabilities		**319.71**	**319.71**	307.02	307.02

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, 2022	As at 31st March, 2021
		Fair value	Fair value
A Financial Assets a) Measured at fair value through profit or loss i) Investment in mutual funds	1	486.69	231.80
Total financial assets		**486.69**	**231.80**

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, 2022				
		Contractual cash flows *			
	Carrying value	0 - 1 month	1 - 3 months	More than 3 months	Total
Trade payables	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

Particulars	As at 31st March, 2021				
		Contractual cash flows *			
	Carrying value	0 - 1 month	1 - 3 months	More than 3 months	Total
Trade payables	104.04	–	104.04	–	104.04
Other financial liabilities	179.45	–	175.90	3.55	179.45
Total	**283.49**	–	**279.94**	**3.55**	**283.59**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)
(All amounts in rupees lakhs unless otherwise stated)

Non-Current

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**
Particulars	**As at 31st March, 2021**				
	Contractual cash flows *				
	Carrying value	**1 - 2 years**	**2 - 3 years**	**More than 3 years**	**Total**
Other financial liabilities	23.53	8.93	9.82	4.78	23.53
Total	**23.53**	**8.93**	**9.82**	**4.78**	**23.53**

* 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, 2022	As At 31st March, 2021
Balance at the beginning of the year	(1,014.35)	(850.53)
Provided during the year	(117.34)	(252.09)
Adjusted during the year	35.42	88.27
Balance at the end of the year	(1,096.27)	**(1,014.35)**

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, 2022	Total (Rs. lakhs)
Financial liabilities (USD)	20.02

As at 31st March, 2021	Total (Rs. lakhs)
Financial liabilities (USD)	–

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
Jagdish Singh (upto 08 Nov 2021)	Non-Executive Director
Anil Chadha (w.e.f. 08 Nov 2021)	Non-Executive Director
Ashish Thakar (w.e.f. 08 Nov 2021)	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, 2022	31st March, 2021	31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021
1	Sale of services						
	Operating and marketing fees *	18.93	9.52	–	–	–	–
	Recoveries of salary *	96.71	110.41	–	–	–	–
2	Purchase of services *						
	- ITC Limited	3.54	4.32	–	–	–	–
	- International Travel House Limited	–	–	21.80	5.79	–	–
	- ITC Infotech India Limited	–	–	7.08	7.08	–	–
3	Rent *	26.91	26.91	–	–	–	–
4	Remuneration of managers / staff on deputation recovered						
	- ITC Limited	17.58	7.94	–	–	–	–
5	Remuneration of managers on deputation reimbursed ((including remuneration of Managing Director) ₹ 197.83 lakhs (Previous year - ₹ 190.27 lakhs) as disclosed below)	568.70	542.50	–	–	–	–
6	Dividend payments	–	–	–	–	–	–
7	Expense recovered during the year (amount due on account of payments made on behalf of related parties)						
	- ITC Limited	–	2.54	–	–	–	–
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	133.07	77.38	–	–	–	–
	- International Travel House Limited	–	–	–	0.39	–	–
9	Remuneration to Key Management Personnel #@						
	- Samir Mecherivalappil Chandrasekharan	–	–	–	–	209.63	206.96
10	Closing Balances:						
	(i) Trade receivables						
	- ITC Limited	10.75	12.56	–	–	–	–
	(ii) Trade payables						
	- ITC Limited	8.77	28.88	–	–	–	–
	- International Travel House Limited	–	–	1.21	3.52	–	–
	(iii) Other financial liabilities - Current						
	- ITC Limited	60.37	117.21	–	–	–	–
	(iv) Other financial liabilities - Non current					–	–
	- ITC Limited	36.02	23.53	–	–		

* 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(All amounts in rupees lakhs unless otherwise stated)

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
	No. of Options	No. of Options
Outstanding at the beginning of the year	**53,765**	72,416
Add: Granted during the year *	**5,750**	2,550
Add / (Less) : Options due to transfer in and transfer out	**–**	-11,790
Less: Options Forfeited / Surrendered during the year	**10,900**	7,017
Less: Exercised during the year	**4,380**	2,394
Outstanding at the end of the year	**44,235**	53,765
Options exercisable at the end of the year	**36,700**	51,215
Options Vested and Exercisable during the year	**765**	3,799

* Includes 3,650 (Previous year: 2,550) 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 ₹ 8.90 lakhs (Previous Year ₹ 6.89 lakhs) towards ITC ESOS and ₹ 24.74 lakhs (Previous year - ₹18.99 lakhs) 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 ₹ 6.71 lakhs (Previous Year ₹ 1.46 lakhs) and ₹ 11.31 lakhs (Previous year ₹ 8.81 lakhs) for ITC ESAR respectively.

Note 25 Other Disclosure

(i) The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of its financial 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 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 these financial statements.

(ii) Previous Year's figures have been regrouped/re-casted wherever necessary, so as to make them comparable.

Note 26 Commitments

Estimated amount of contracts remaining to be executed on capital accounts (net of advances): ₹ 2.78 lakhs (Previous Year - Nil)

Note 27 Accounting Ratios

Ratio	Numerator	Denominator	Current period	Previous period	% Variance	Reason of Variance
Current Ratio	Current Assets	Current Liabilities	2.72	2.90	-6.51%	
Return on Equity	PAT	Average Net Worth	1.49%	See Note 2 below		During the current year, business operations have recovered considerably over last year which was significantly impacted due to pandemic related restrictions.
Trade Receivables Turnover Ratio	Sales	Average Trade Receivables	2.17	1.21	79.71%	Improvement in the current year is on account of higher collection whilst last year recoveries from debtors was relatively slower due to impact of the pandemic.
Trade Payables Turnover Ratio	Sales	Average Trade Payables	23.03	12.92	78.30%	Improvement in the current year is due to healthy cash flows resulting from growth in business operations as compared to last year.
Net Capital Turnover Ratio	Sales	Working Capital	2.31	1.67	38.18%	Healthy growth in business operations in the current year contributed to an improvement in ratio.
Net Profit Ratio	Net Profit	Sales	1.14%	See Note 2 below		During the current year, business operations have recovered considerably over last year which was significantly impacted due to pandemic related restrictions.
Return on Capital Employed	PBIT	Capital employed	2.40%	See Note 2 below		During the current year, business operations have recovered considerably over last year which was significantly impacted due to pandemic related restrictions.
Return on Investment	Income from Treasury surplus	Average Treasury Surplus	3.93%	7.21%	-45.50%	As a percentage of Average Surplus, Return during last year was better due to higher amount of opening investments in Liquid funds which were utilised during the year to fund cash losses on account of the pandemic.

Note:

1. Debt-Equity Ratio, Debt Service Coverage Ratio, Inventory Turnover Ratio are not applicable to the company.
2. Return on Equity, Net Profit Ratio and Return on Capital employed are not reported for previous year as the same is negative.

Note 28 The Financial statements were authorised for issue by the directors on 14th April, 2022.

For SRBC & CO LLP
Firm Registration No. : 324982/E300003

Tanmoy Dasmahapatra
Partner
Membership Number : 058259

Place : Gurugram
Date : 14th April, 2022

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002

Place : Gurugram
Date : 14th April, 2022

Ashish Thakar
Director
DIN 09383474

Place : Gurugram
Date : 14th April, 2022

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

1. Your Directors submit their Report for the financial year ended 31st March, 2022.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company earned license fees of ₹ 110.82 lakhs (previous year: ₹52.35 lakhs) representing an increase of 112% over the previous year. This was mainly due to recovery in Hotel revenue on account of the ease in COVID-19 restrictions and opening of the tourism industry. Other Income for the year aggregated ₹ 49.81 lakhs (previous year: ₹ 58.45 lakhs) and the profit for the year was ₹ 114.45 lakhs (previous year: ₹ 77.32 lakhs).

The financial results of your Company, summarised, are as under :

		For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
Profits			
a.	Profit Before Tax	**152.94**	103.32
b.	Less: Tax Expense		
	– Current Tax	**35.92**	26.60
	– Deferred Tax	**2.57**	(0.60)
c.	Profit for the year	**114.45**	77.32
d.	Other Comprehensive Income	–	–
e.	Total Comprehensive Income	**114.45**	77.32
Retained Earnings			
a.	At the beginning of the year	**1,760.57**	1,691.56
b.	Add : Profit for the year	**114.45**	77.32
c.	Less: Dividend Paid	**8.31**	8.31
d.	At the end of the year	**1,866.71**	1760.57

3. **DIVIDEND**

Your Directors are pleased to recommend a dividend of ₹ 70/- (previous year: ₹ 70/-) per Equity Share of ₹100/- each for the year ended 31st March, 2022. Total cash outflow on this account will be ₹ 8,31,250/- (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.

With the outbreak of COVID-19, the hospitality industry has been severely impacted and the hotel remained shut from 1st May, 2021 to 14th September, 2021. The hotel resumed operations after easing of lockdown restrictions and has thereafter demonstrated progressive improvement. Appropriate measures relating to safety, health and hygiene protocols have been put in place to ensure safety of all stakeholders. Your Company is consistently monitoring the situation of COVID-19 and advisories issued by the State and Central Governments.

5. **DIRECTORS**

(a) Changes in Directors

During the year under review, the following changes in Directors have happened:

i) Mr. Jagdish Singh (DIN: 00042258) stepped down as the Non-Executive Director of the Company with effect from close of work on 8th November, 2021. Your Directors place on record their appreciation for the contribution made by Mr. Singh during his tenure with the Company.

ii) The Board of Directors of the Company ('the Board') at its Meeting held on 8th November, 2021, appointed Mr. Anil Chadha (DIN:08073567) and Mr. Ashish Thakar (DIN: 09383474), as Additional Directors of the Company with effect from 9th November, 2021. In accordance with Section 161 of the Companies Act, 2013 ('the Act') read with Article 130 of the Articles of Association of the Company, Mr. Chadha and Mr. Thakar will vacate their offices at the ensuing Annual General Meeting ('AGM') and are eligible for appointment as Directors of the Company.

The Board at its meeting held on 14th April, 2022 recommended for the approval of the Members, the appointment of Mr. Chadha and Mr. Thakar 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 appointment of Mr. A. Chadha and Mr. A. Thakar as Directors, and they have given their consent to act as the Directors of your Company, if appointed.

Appropriate resolutions seeking approval of the Members to the above are appearing in the Notice convening the ensuing AGM of your Company.

There were no other changes in the composition of the Board 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 143 and 144 of the Articles of Association of the Company, Mr. Gulam Hussain Kassim Jadwet (DIN: 00116150), Director, will retire by rotation at the ensuing AGM of the Company and being eligible, offers himself for re-appointment. Your Board has recommended his re-appointment.

6. **BOARD COMPOSITION AND MEETINGS**

The present composition of your Board is as follows:

Mr. N. Anand - Non-Executive Director
Mr. Samir M.C - Non-Executive Director
Mr. G. H. C. Jadwet - Non-Executive Director
Mr. A. Thakar - Additional Non- Executive Director
Mr. A. Chadha - Additional Non- Executive Director

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

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, including those that arose due to the COVID-19 pandemic.

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, 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, 2022, 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, 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 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 Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year.

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

The Company's Auditors, Messrs. S B Dandeker & Co., Chartered Accountants, who were appointed at the Forty-First AGM to hold such office for a period of five years, will complete their present term on conclusion of the ensuing Forty-Sixth AGM of the Company.

The Board at its meeting held on 14th April, 2022 recommended for the approval of the Members, the re-appointment of Messrs. S. B. Dandeker & Co., Chartered Accountants ('SBD'), as the Auditors of the Company for another term of five years from the conclusion of the ensuing Forty Sixth AGM till the conclusion of Fifty First AGM. SBD have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act. The Board at its aforesaid meeting also recommended for the approval of the Members, the remuneration of SBD to conduct the statutory audit of the Company for the financial year 2022-23. 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.

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 of the Act.

19. 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 were no foreign exchange earnings or outflow.

20. 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

	A. Thakar	**Samir M.C.**
Dated : 14th April, 2022	**Director**	**Director**
Place : Gurugram		

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2022

[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
Gaurav Sakkarwal	31	Jr. Sous Chef	5,95,266	5,71,284	Bachelor of Hotel Management	6	01.02.2016	Fortune Park Hotels Limited, Jr. Sous Chef
Pallav Nirmal Kumar	36	Front Office Manager	4,59,636	4,37,531	Bachelor of hotel management	11	07.05.2021	Front Office Manager-Welcomhotel Ahmedabad
Gurusamy Subramanian	32	Asst. Manager	4,54,146	4,30,164	B.S.C Hotel Management	13	05.05.2017	Taj Fishermens Cove-Chennai, Assistant Manager – House Keeping
Manu Mon	32	Executive	3,85,227	3,63,236	Diploma in Hotel Management	12	06.12.2017	Key Aqua Green, Restaurant Supervisor
Agnatus Kindo	56	Jr. Executive	4,04,396	3,82,094	Intermediate	36	01.07.1986	Nil
Johnson David	58	Jr. Executive	3,98,834	3,76,456	Intermediate	37	01.03.1986	Nil
Gouri Hari Roy	44	Executive	3,58,386	3,36,241	B.A Graduate	16	28.01.2017	Fortune Resort Bay Island
Nimbulal	57	Sr. Supervisor	3,62,087	3,39,323	Intermediate	32	01.01.1989	Nil
Joy Kutty	54	Sr. Captain	3,48,099	3,25,724	Intermediate	30	12.01.1993	Fortune Resort Bay Island
Abdul Rehman	56	Sr. Supervisor	3,43,435	3,21,950	Intermediate	37	16.09.1985	Nil

Notes :

a. Gross Remuneration includes salary, variable pay, 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/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 of

Dated : 14th April, 2022 **A. Thakar** **Samir M.C.**
Place : Gurugram **Director** **Director**

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2022

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
b)	Nature of contracts / arrangements / transactions	Operating Licence Agreement
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	Licence to operate Hotel 'Welcomhotel Bay Islands'. Value of transaction during the year - ₹ 1,30,77,000/- (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

A. Thakar **Samir M.C.**
Dated : 14th April, 2022 **Director** **Director**

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, 2022, the Statement of Profit and Loss, 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 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, 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 judgment, 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 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 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 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

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 Companies Act, 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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, 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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.

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, 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.

For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

Kedarashish Bapat
Partner
M.No.- 057903

UDIN: 22057903AHSEGN1467

Place: Port Blair,
Date: 16-04-2021

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, 2022 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) There are no disputed dues in respect of Sales tax, Service tax, Customs duty, Excise duty and Value added tax as at 31st March 2022 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: 22057903AHSEGN1467

Place: Port Blair,
Date: 16-04-2021

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 of Section 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, 2022 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 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 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, 2022, 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: 22057903AHSEGN1467

Place: Port Blair,
Date: 16-04-2021

BALANCE SHEET AS AT 31ST MARCH, 2022

	Note		As at 31st March, 2022 (₹ in lakhs)		As at 31st March, 2021 (₹ in lakhs)
ASSETS					
Non-current Assets					
(a) Property, Plant and Equipment	3	653.42		656.51	
(b) Other non-current assets	4	23.27	676.69	13.74	670.25
Current assets					
Financial Assets					
(i) Investments	5	394.25		381.02	
(ii) Trade Receivables	6	33.22		10.27	
(iii) Cash and cash equivalents	7	57.22		28.19	
(iv) Other Bank Balances	8	866.03		823.22	
(v) Others	9	14.13	1,364.85	19.70	1,262.40
TOTAL ASSETS			2,041.54		1,932.65
EQUITY AND LIABILITIES					
Equity					
(a) Share Capital	10	11.88		11.88	
(b) Other Equity		1,985.03	1,996.91	1,878.89	1,890.77
Liabilities					
Non-current liabilities					
(a) Provisions	11	4.68		3.89	
(b) Deferred tax liabilities	12	26.92	31.60	24.35	28.24
Current liabilities					
(a) Financial Liabilities					
(i) Trade payables		0.24		0.47	
(ii) Other financial liabilities	13	4.75	4.99	4.61	5.08
(b) Other current liabilities	14		6.80		6.05
(c) Provisions	11		1.24		2.51
TOTAL EQUITY AND LIABILITIES			2,041.54		1,932.65

The accompanying notes 1 to 22 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: 16th April, 2022

On Behalf of the Board

Ashish Thakar — **Director**
Samir MC — **Director**

Place: Gurugram
Date: 14th April, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

		Note	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
I	Revenue From Operations	15	110.82	52.35
II	Other Income	16	49.81	58.45
III	**Total Income (I+II)**		160.63	110.80
IV	**EXPENSES**			
	Employee benefits expense	17	3.76	3.42
	Depreciation and amortization expense	3	3.10	3.10
	Other expenses	18	0.83	0.96
	Total expenses (IV)		7.69	7.48
V	**Profit before tax (III - IV)**		152.94	103.32
VI	Tax expense:			
	Current Tax	19	35.92	26.60
	Deferred Tax	19	2.57	(0.60)
VII	**Profit for the year (V - VI)**		114.45	77.32
VIII	**Other Comprehensive Income**		–	–
IX	**Total Comprehensive Income for the year (VII+VIII)**		114.45	77.32
X	Earnings per equity share (Face value of ₹ 100 each):			
	(1) Basic (in ₹)	20	964	651
	(2) Diluted (in ₹)	20	964	651

The accompanying notes 1 to 22 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: 16th April, 2022

On Behalf of the Board

Ashish Thakar — **Director**
Samir MC — **Director**

Place: Gurugram
Date: 14th April, 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

		For the year ended 31st March, 2022		For the year ended 31st March, 2021
	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT BEFORE TAX		**152.94**		**103.32**
ADJUSTMENTS FOR :				
Depreciation expense	**3.10**		3.10	
Net (gain)/loss arising on investments mandatorily measured at Fair value through profit and loss	**(13.23)**		(12.56)	
Interest Income	**(36.58)**		(45.89)	
		(46.71)		(55.35)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**106.23**		47.97
ADJUSTMENTS FOR :				
Trade receivables, loans, advances and other assets	**(43.70)**		48.87	
Trade payables, other liabilities and provisions	**0.19**		(5.10)	
		(43.51)		43.77
CASH GENERATED FROM OPERATIONS		**62.72**		91.74
Income Tax Paid		**(35.92)**		(26.60)
NET CASH FROM OPERATING ACTIVITIES		**26.80**		**65.14**
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Sale of current investments			161.53	
Purchase of current investments			(232.00)	
Interest Received	**53.36**		38.24	
NET CASH (USED IN) / FROM INVESTING ACTIVITIES		**53.36**		**(32.23)**
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		**71.85**		**24.60**
OPENING CASH AND CASH EQUIVALENTS		**851.41**		**826.81**
CLOSING CASH AND CASH EQUIVALENTS		**923.26**		**851.41**

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 22 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: 16th April, 2022

On Behalf of the Board

Ashish Thakar — **Director**
Samir MC — **Director**

Place: Gurugram
Date: 14th April, 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

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, 2022	**11.88**	-	**11.88**	-	**11.88**
For the year ended 31st March, 2021	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, 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**

(₹ in Lakhs)

	Reserves and Surplus			Total
	Retained Earnings	Subsidy Reserve	General Reserve	
Balance as at 1st April, 2020	**1,691.56**	**43.38**	**74.94**	**1,809.88**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance as at 1st April, 2020	**1,691.56**	**43.38**	**74.94**	**1,809.88**
Profit for the year	77.32	-	-	77.32
Other Comprehensive Income (net of tax)	-	-	-	-
Total Comprehensive Income for the year	**77.32**	-	-	**77.32**
Dividend	8.31	-	-	8.31
Balance as at 31st March, 2021	**1,760.57**	**43.38**	**74.94**	**1,878.89**

The Board of Directors recommended a dividend of ₹ 70 per share for the year ended 31st March, 2022, 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 ₹ 8.31 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: 16th April, 2022

On Behalf of the Board

Ashish Thakar — **Director**
Samir MC — **Director**

Place: Gurugram
Date: 14th April, 2022

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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.

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. 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 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 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**

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities are classified, at initial recognition, as subsequently measured at amortized cost unless they fulfil the requirement of measurement at fair value through profit or loss. Where the financial liability has been measured at amortised cost, the difference between the initial carrying amount of the financial liabilities and their redemption value is recognized in the statement of profit and loss over the contractual terms using the effective interest rate method. Financial liabilities at fair value through profit or loss are carried at fair value with changes in fair value recognized in the finance income or finance cost in the statement of profit or loss.

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 Recognition**

Income from operating license fees is recognized at fair value of amount received or receivable for services rendered in the Statement of Profit and Loss in accordance with the provision of Operating License agreement with licensee viz. ITC Limited. Revenue does not include Goods and Services Tax (GST).

Revenue from the sale of services is recognized when the company perform its obligations to its customer and the amount of revenue can be measured reliably and recovery of the consideration is probable.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(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 Judgments

i. 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.

ii. **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 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.

3. Property, Plant and Equipment

(₹) in lakhs

Particulars	Gross Block							Depreciation and Amortization							Net Book Value	
	As at 1st April, 2020	Additions	Withdrawals and Adjustments	As at 31st March, 2021	Additions	Withdrawals and Adjustments	As at 31st March, 2022	Upto 1st April, 2020	For the year	Withdrawals and Adjustments	As at 31st March, 2021	For the year	Withdrawals and Adjustments	As at 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021
Land	570.00	-	-	570.00	-	-	570.00	-	-	-	-	-	-	-	570.00	570.00
Buildings	105.26	-	-	105.26	-	-	105.26	15.65	3.10	-	18.75	3.10	-	21.85	83.42	86.51
TOTAL	675.26	-	-	675.26	-	-	675.26	15.65	3.10	-	18.75	3.10	-	21.85	653.42	656.51

Note :
All Assets mentioned above have been given under an operating license to the Holding Company.

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
4. Other Non-Current Assets		
Advance Tax (net of provisions)	23.27	13.74
TOTAL	**23.27**	**13.74**

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
5. Current Investments	**Unquoted**	Unquoted
(at fair value through profit or loss)		
Investment in Mutual Funds		
ICICI Prudential Liquid Fund 61,111.66 (P.Y. 61,111.66) units of Rs. 100 each	192.66	186.23
Aditya Birla Sun Life Liquid Fund 15,353.74 (P.Y. 15,353.74) units of Rs. 100 each	52.68	50.90
Nippon India Liquid Fund 2,859.195 (P.Y. 2,859.195) units of Rs. 1000 each	148.91	143.89
Aggregate amount of unquoted Investments	394.25	381.02

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
6. Trade Receivables		
Secured, considered good	–	–
Unsecured, considered good	33.22	10.27
Which have significant increase in credit risk	–	–
Credit impaired	–	–
Less: Allowance for Credit impairment	–	–
TOTAL	33.22	10.27

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 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**

As at 31 March 2021	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	10.27	-	-	-	-	-	**10.27**
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	10.27	-	-	-	-	-	**10.27**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
7. Cash and Cash Equivalents @		
Balances with Banks		
Current accounts	**57.22**	28.19
TOTAL	**57.22**	28.19

@ 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, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
8. Other Bank Balances		
In deposit accounts *	**866.03**	823.22
TOTAL	**866.03**	823.22

* 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, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
9. Other Financial Assets		
Unsecured		
a) Interest accrued on Deposits with Bank	**0.04**	16.82
b) Others*	**14.09**	2.88
TOTAL	**14.13**	19.70

* Others comprise of amount recoverable from the Holding Company

	As at 31st March, 2022 No. of Shares	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 No. of Shares	As at 31st March, 2021 (₹ in lakhs)
10. 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, 2022 (No. of Shares)	As at 31st March, 2022 %	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 %
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, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹ 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, 2022			As at 31st March, 2021		
		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%	0	11875	100%	0

	As at 31st March, 2022 (₹ in lakhs) Current	As at 31st March, 2022 (₹ in lakhs) Non- Current	As at 31st March, 2021 (₹ in lakhs) Current	As at 31st March, 2021 (₹ in lakhs) Non-Current
11. Provisions				
Provision for employee benefits				
– Provision for Leave Encashment	**0.54**	**4.68**	2.51	3.89
– Provision for Gratuity	0.70	–	–	–
TOTAL	**1.24**	**4.68**	2.51	3.89

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
12. Deferred tax liabilities		
Deferred tax liabilities	**(26.92)**	(24.35)
TOTAL	**(26.92)**	(24.35)

Movement in deferred tax (liabilities) / assets balances (₹)

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 (liabilities) / assets 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)**

2020-21 (₹ 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	(22.33)	0.76	–	–	–	(21.57)
Other timing differences	(2.61)	(0.16)	–	–	–	(2.77)
Deferred tax liabilities	**(24.95)**	**0.60**	–	–	–	**(24.35)**

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
13. Other Financial liabilities		
Other Payables	**4.75**	4.61
TOTAL	**4.75**	4.61

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
14. Other Current liabilities		
Statutory liabilities		
- Taxes payable (other than Income tax)	**6.80**	6.05
TOTAL	**6.80**	6.05

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
15. Revenue from operations		
Operating Licence Fee	**110.82**	52.35
TOTAL	**110.82**	52.35

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
16. Other income		
Interest income - Deposits with Banks	**36.58**	45.89
Net Gain / (Loss) arising on financial assets designated at FVTPL*	**13.23**	12.56
TOTAL	**49.81**	58.45

* Includes Nil (P.Y. ₹ 2.22 Lakhs) being net gain on sale on investment

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
17. Employee Benefit Expenses		
Salaries and Wages	**121.06**	117.06
Contribution to Provident and other funds	**12.27**	12.77
Staff welfare expenses	**0.88**	0.23
	134.71	130.06
Less: Recoveries made / reimbursements received	**(130.45)**	(126.64)
TOTAL	**3.76**	3.42

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
18. Other Expenses		
Miscellaneous expenses	**0.83**	0.96
TOTAL	**0.83**	0.96
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, 2022 (₹)	For the year ended 31st March, 2021 (₹)
19. Income Tax Expenses		
A. Amount Recognized in profit and loss	–	
Current tax		
Income tax for the year		
Current tax	**35.92**	26.60
Total Current Tax	**35.92**	26.60
Deferred tax		
Deferred tax for the year	**2.57**	(0.60)
Total Deferred Tax	**2.57**	(0.60)
TOTAL	**38.49**	26.00

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	**152.94**	103.32
Income Tax expense calculated at 25.168% (P.Y- 25.168%)	**38.49**	26.00
Income Tax recognised in Statement of profit or loss	**38.49**	26.00

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

20. Earnings per Share

		For Year ended March 31, 2022	For Year ended March 31, 2021
Earnings per share has been computed as under:			
(a)	Profit for the period (₹ in lakhs)	**114.45**	77.32
(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)]	**₹ 964**	₹ 651
	- Diluted [(a)/(c)]	**₹ 964**	₹ 651

21. 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 } Appointed as additional Director w.e.f. 9th November, 2021

Summary of Transactions during the period

(a) Transactions with Holding Company (₹ in lakhs)

S. No.	Particulars	For the Year 2021-22	For the year 2020-21
1.	Operating Licence Fee Received*	**130.77**	61.78
2.	Expense Reimbursed	**10.56**	15.22
3.	Expenses Recovered **	**130.45**	126.64
4.	Dividend Payment	**8.31**	8.31
5.	Balance as at period end	**47.31**	13.14
	a. Trade Receivables	**33.22**	10.27
	b. Other Recoverables	**14.09**	2.88

*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, 2022. 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) Contingent Liabilities/claims against the company not acknowledged as debt – Income tax matters for the A.Y. 2014-15 ₹5.86 Lakhs (P.Y. ₹5.86 Lakhs), which is currently under Appeal with the Commissioner of Income-tax Appeals.

(vi) Provision for Leave Encashment - As per Actuarial Valuations as on March 31, 2022 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, 2022	
	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, 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**

(₹ in lakhs)

As on 31st March, 2021	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	-	0.47	-	-	-	-	0.47
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	**-**	**0.47**	**-**	**-**	**-**	**-**	**0.47**

(ix) **Key Financial Ratios :**

(₹ in lakhs)

Ratio	Numerator	Denominator	2021-22	2020-21	% variance	Reasons for Variance
Current Ratio	Current Assets	Current Liabilities	105	93	13%	
Return on Equity	PAT	Average Shareholder's Equity	5.89%	4.17%	41%	LY performance effected due to Covid-19
Trade Receivables turnover ratio	Sales	Average Trade Receivables	5	1	240%	Higher amount of last quarter billing
Trade Payables turnover ratio	Sales	Average Trade Payables	312	103	202%	Small change in absolute amount and low base LY
Net Capital turnover Ratio	Sales	Working Capital	0.1	0.0	96%	
Net Profit Ratio	PAT	Sales	103.27%	147.69%	-30%	LY performance effected due to Covid-19
Return on Capital employed	PBIT	Average Capital Employed	7.77%	5.49%	41%	LY performance effected due to Covid-19
Return on Investment	Income from investment	Average Investment	3.41%	3.70%	-8%	

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 financial statements were approved for issue by the Board of Directors on 14th April, 2022.

22. 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 2022 (₹ in lakhs) Carrying Value	Fair Value	As at 31st March 2021 (₹ in lakhs) Carrying Value	Fair Value
A. Financial Assets					
a) Measured at amortised cost					
i) Trade Receivables	6	**33.22**	**33.22**	10.27	10.27
ii) Cash and cash Equivalents	7	**57.22**	**57.22**	28.19	28.19
iii) Other Bank Balances	8	**866.03**	**866.03**	823.22	823.22
vi) Other Financial Assets	9	**14.13**	**14.13**	19.70	19.70
Sub Total		**970.60**	**970.60**	881.38	881.38
b) Measured at Fair Value through Profit & Loss					
i) Investment in Mutual Fund	5	**394.25**	**394.25**	381.02	381.02
Total Financial Assets		**1,364.85**	**1,364.85**	1,262.40	1,262.40
B. Financial Liabilities					
a) Measured at amortised cost					
i) Trade Payables		**0.24**	**0.24**	0.47	0.47
ii) Others	13	**4.75**	**4.75**	4.61	4.61
Total Financial Liability		**4.99**	**4.99**	5.08	5.08

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, 2022 is ₹ 1,260.28 Lakhs (P.Y. ₹ 1,204.24 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 ₹ 866.08 Lakhs (P.Y. ₹ 823.22 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	**Ashish Thakar**	**Samir MC**
Date: 14th April, 2022	**Director**	**Director**

ANNUAL REPORT OF WELCOMHOTELS LANKA (PRIVATE) LIMITED FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

The Board of Directors of WelcomHotels Lanka (Private) Limited hereby submit their tenth Annual Report for the financial year ended 31st March, 2022.

Business Environment

The overall business environment in the country remained subdued during the year in the backdrop of the COVID-19 pandemic and the macro-economic imbalances in the Sri Lankan economy including rising inflation, depleting foreign exchange reserves, and the sharp devaluation of the Sri Lankan Rupee (LKR).The Government of Sri Lanka is taking several measures to stabilise the economy including securing financial assistance from multi-lateral agencies/other countries, increasing interest rate to curb inflation and restricting imports to conserve foreign exchange. 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 second wave of the pandemic in October 2020 and was progressing steadily, got impacted during the financial year by recurrent waves of the pandemic in May and September 2021 and the ongoing economic crisis. Despite these challenges, the façade, finishes, mechanical, electrical, and plumbing works have progressed during the year while adhering to the highest standards of health and safety protocols.

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 normalisation of the situation in the country.

Financial Statements

The Financial Statements, including the Auditor's Report thereon, for the year ended 31st March 2022, 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, 2022.

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 2022.

Mr. A. Pathak, Managing Director of the Company was entitled to remuneration till 31st January, 2022, as approved by the shareholders of the Company. Mr. S. K. George, Managing Director of the Company with effect from 1st February, 2022 is 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, 2022.

Directors

Mr. Shatanshu Panda resigned as a Non-Executive Director of the Company with effect from 1st January, 2022 consequent to his retirement from ITC Limited.

Mr. Arun Pathak, Managing Director, who was on deputation from ITC Limited, the holding company, ceased to be the Managing Director and a Director of the Company with effect from 1st February, 2022 consequent to his reversion to ITC Limited.

Ms. Roopa Yogendra Vikram, Senior Associate General Counsel, ITC Limited was appointed as a Non-Executive Director of the Company with effect from 1st February, 2022.

Mr. Subi Koshy George, Vice President – Commercial, was appointed as a Director and also the Managing Director of the Company with effect from 1st February, 2022.

The Directors would like to record their appreciation for the contributions made by M/s. Pathak and Panda during their respective tenures in the Company.

The Directors of the Company, as at 31st March, 2022, 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 2021-22is 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	Nakul Anand
Managing Director	Chairman

Corporate Services (Private) Limited
Secretaries
On this 2nd day of May, 2022

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF WELCOMHOTELS LANKA (PVT) 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 2022, and the statement of comprehensive income, the 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 2022, 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
02 May 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2022

	Note	2021/22 LKR	2021/22 INR	2020/21 LKR	2020/21 INR
Revenue		–	–	–	–
Cost of sales		–	–	–	–
Gross profit		–	–	–	–
Other income	3	413,355,709	128,136,136	20,951,351	8,022,272
Administrative expenses	4	(10,434,463)	(3,234,579)	(10,801,931)	(4,136,059)
Marketing expenses		(23,338,991)	(7,234,854)	(10,347,254)	(3,961,964)
Pre operating profit/ (loss) before tax	5	379,582,255	117,666,703	(197,834)	(75,751)
Taxation	6	–	–	–	–
Pre operating profit / (loss) for the year		379,582,255	117,666,703	(197,834)	(75,751)
Other comprehensive income					
Other comprehensive income		–	–	–	–
Total comprehensive income/ (loss) for the year		**379,582,255**	**117,666,703**	**(197,834)**	**(75,751)**
Earnings / (loss) per share	7	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, 2022

	Note	2021/22 LKR	2021/22 INR	2020/21 LKR	2020/21 INR
Assets					
Non Current Assets					
Property, plant and equipment	8	35,164,503	8,913,851	41,307,217	15,139,095
Capital work-in-progress	9	25,225,628,148	6,394,444,480	17,505,250,740	6,415,674,397
Right of use asset	10	8,385,189,993	2,125,561,811	8,479,249,256	3,107,644,852
Non current prepayments	11	427,182,056	108,286,380	953,685,620	349,525,780
		34,073,164,700	**8,637,206,523**	**26,979,492,833**	**9,887,984,124**
Current Assets					
Inventories	12	19,452,170,188	4,930,930,621	16,084,834,156	5,895,091,718
Current prepayments	13	139,486,443	35,358,419	152,263,387	55,804,531
Cash and bank balances	14	326,415,013	82,742,942	262,821,526	96,324,089
		19,918,071,644	**5,049,031,980**	**16,499,919,069**	**6,047,220,338**
Total Assets		**53,991,236,344**	**13,686,238,503**	**43,479,411,902**	**15,935,204,462**
Equity and Liabilities					
Capital and Reserves					
Stated capital	15	52,243,250,002	21,665,887,237	43,518,650,002	18,393,448,537
Accumulated loss		(52,814,928)	(8,436,133,849)	(432,397,182)	(2,602,336,879)
		52,190,435,074	**13,229,753,389**	**43,086,252,820**	**15,791,111,658**
Non Current Liabilities					
Right of use lease liability - Non current		292,789	74,219	292,824	107,320
Advance from customers		1,292,925,505	327,743,686	349,534,013	128,104,216
		1,293,218,294	**327,817,905**	**349,826,837**	**128,211,536**
Current Liabilities					
Right of use lease liability - Current		35	9	32	12
Other payables	16	507,582,941	128,667,200	43,332,213	15,881,256
		507,582,976	**128,667,209**	**43,332,245**	**15,881,268**
Total Equity and Liabilities		**53,991,236,344**	**13,686,238,503**	**43,479,411,902**	**15,935,204,462**

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 2nd May 2022.

Subi Koshy George	Nakul Anand
Managing Director	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, 2022

	Stated Capital LKR	Stated Capital INR	Retained Earnings LKR	Retained Earnings INR	Total LKR	Total INR
Balance as at 31st March 2020	35,585,010,002	15,277,769,337	(432,199,348)	(1,241,603,570)	35,152,810,654	14,036,165,767
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	7,933,640,000	3,115,679,200	–	–	7,933,640,000	3,115,679,200
Pre operating loss for the period	–	–	(197,834)	(75,751)	(197,834)	(75,751)
Foreign Exchange Translation Reserve	–	–	-	(1,360,657,558)	–	(1,360,657,558)
Balance as at 31st March 2021	**43,518,650,002**	**18,393,448,537**	**(432,397,182)**	**(2,602,336,879)**	**43,086,252,820**	**15,791,111,658**
Prior period adjustment	–	–	–	–	–	–
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 loss 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	(52,814,928)	(8,436,133,849)	52,190,435,075	13,229,753,389

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, 2022

		2021/22 LKR	**2021/22 INR**	2020/21 LKR	2020/21 INR
Cash Flows From Operating Activities					
Profit before tax		379,582,255	117,666,703	(197,834)	(75,751)
Adjustment for:					
Depreciation expenses	4	7,912,428	2,452,774	9,032,902	3,458,698
Operating profit before working capital changes		387,494,683	120,119,477	8,835,068	3,382,947
Adjustment for:					
(Increase) / decrease in inventory		(3,338,806,194)	(846,353,982)	(3,193,964,968)	(1,170,588,161)
(Increase)/decrease in Pre payments		539,280,508	136,702,216	1,024,939,870	375,640,462
(Decrease)/increase in other payables		464,250,728	117,682,917	(382,196,247)	(140,074,925)
(Decrease)/ increase in advance from customers		943,391,492	239,140,309	32,078,142	11,756,639
Net cash flow from operating activities		**(1,004,388,781)**	**(232,709,063)**	**(2,510,308,135)**	**(919,883,037)**
Cash Flows From Investing Activities					
Additions to Capital Work in progress	9	(7,654,822,183)	(1,940,420,875)	(5,330,729,107)	(1,953,712,119)
Purchase of property, plant and equipment, etc.	8	(1,769,714)	(448,605)	(2,707,038)	(992,129)
Net cash flow used in investing activities		**(7,656,591,897)**	**(1,940,869,480)**	**(5,333,436,145)**	**(1,954,704,248)**
Cash Flows From Financing Activities					
Lease rental payment		(25,833)	(6,548)	(25,833)	(9,468)
Proceeds from issue of shares	15	8,724,600,000	3,272,438,700	7,933,640,000	3,115,679,200
Net cash flow from financing activities		**8,724,574,167**	**3,272,432,152**	**7,933,614,167**	**3,115,669,732**
Net increase/(decrease) in cash and cash equivalents		**63,593,489**	**1,098,853,609**	**89,869,887**	**241,082,447**
Cash and cash equivalents at the beginning of the period		262,821,526	96,324,089	172,951,639	69,057,860
Foreign exchange translation gain/ (loss)		–	(1,112,434,756)	–	(213,816,218)
Cash and cash equivalents at the end of the period	17	**326,415,013**	**82,742,942**	**262,821,526**	**96,324,089**

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, 2022

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 31st March 2022 were authorised for issue by the Board of Directors on 2nd May 2022

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.

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.

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. 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 till it is ready for the intended use and sale.

2.13 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.

2.14 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.

2.15 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 issue of 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.

2.16 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.

2.17 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.

2.18 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.)

2.19 Statement of Cash Flows

The statement of cash flow has been prepared using the "indirect method".

2.20 Revenue Recognition

2.20.1 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.

2.20.2 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 amortized on a systematic basis in line with the achievement of the performance obligations.

2.20.3 Interest Income

Interest income is recognised using the Effective Interest Rate (EIR) method.

2.20.4 Other Income

Other income is recognised on an accrual basis.

2.21 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.

	2021/22 LKR	2021/22 INR	2020/21 LKR	2020/21 INR
3. Other Income				
Foreign exchange gain	413,355,709	128,136,136	20,951,351	8,022,272
4. Administrative Expenses				
(a) Auditor's remuneration and expenses				
Audit fees*	535,000	165,844	535,000	204,851
Reimbursement of expenses and taxes	72,725	22,544	66,875	25,606
(b) Secretarial remuneration and expenses				
Secretarial fees*	90,000	27,899	90,000	34,461
Reimbursement of expenses and taxes	20,840	6,460	43,308	16,583
(c) Consultancy fees	1,803,470	559,058	1,033,846	395,860
(d) Depreciation	7,912,428	2,452,774	9,032,902	3,458,698
	10,434,463	3,234,578	10,801,931	4,136,059

*Excluding taxes

5. Pre-operating Profit / (Loss)

The following items have been charged in arriving at the pre-operating profit/ (loss)

	2021/22 LKR	2021/22 INR	2020/21 LKR	2020/21 INR
Auditor's remuneration and expenses	607,725	188,389	601,875	230,458
Secretarial remuneration and expenses	110,840	34,359	133,308	51,044
Consultancy fees	1,803,470	559,058	1,033,846	395,860

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.

	2021/22 LKR	2021/22 INR	2020/21 LKR	2020/21 INR
Amount used as the numerator				
Profit/ (loss) attributable to ordinary shareholders	379,582,255	117,666,703	(197,834)	(75,751)
Amount used as the denominator				
Weighted average no of ordinary shares in issue	139,642,260	139,642,260	139,642,260	139,642,260
Earnings/ (Loss) per share	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 01.04.2021 (LKR)	Original Cost as at 01.04.2021 (INR)	Additions during the year (LKR)	Additions during the year (INR)	**Original Cost as at 31.03.2022 (LKR)**	Foreign Currency Translation Reserve Adjustments (INR)	**Original Cost as at 31.03.2021 (INR)**	Accumulated Depreciation as at 01.04.2021 (LKR)	Accumulated Depreciation as at 01.04.2021 (INR)	Depreciation for the year (LKR)	Depreciation for the year (INR)	**Depreciation upto 31.03.2022 (LKR)**	Foreign Currency Translation Reserve Adjustments (INR)	**Depreciation upto 31.03.2022 (INR)**	Net Block as at 01.04.2021 (LKR)	**Net Block as at 01.04.2021 (INR)**	**Net Block as at 31.03.2022 (LKR)**	**Net Block as at 31.03.2022 (INR)**
Furniture & fixtures	3,545,585	1,299,457	378,132	117,217	3,923,717	(422,051)	994,623	895,293	328,124	440,109	136,429	1,335,402	(126,043)	338,510	2,650,292	971,333	2,588,315	656,113
Vehicles	52,350,000	19,186,275	–	–	52,350,000	(5,916,074)	13,270,202	16,622,931	6,092,304	6,210,932	1,925,327	22,833,863	(2,229,475)	5,788,156	35,727,069	13,093,970	29,516,137	7,482,046
Plant and equipment	1,231,977	451,520	205,332	63,651	1,437,309	(150,827)	364,343	154,749	56,716	82,734	25,647	237,483	(22,163)	60,200	1,077,228	394,804	1,199,826	304,143
Computers	9,107,639	3,337,950	1,186,250	367,726	10,293,889	(1,096,277)	2,609,398	7,255,011	2,658,961	1,178,653	365,371	8,433,664	(886,483)	2,137,849	1,852,628	678,988	1,860,225	471,549
Total	**66,235,201**	**24,275,201**	**1,769,714**	**548,594**	**68,004,915**	**(7,585,229)**	**17,238,566**	**24,927,984**	**9,136,105**	**7,912,428**	**2,452,774**	**32,840,412**	**(3,264,164)**	**8,324,715**	**41,307,217**	**15,139,095**	**35,164,503**	**8,913,851**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	31.03.2022 LKR	31.03.2022 INR	31.03.2021 LKR	31.03.2021 INR
9. Capital Work-in- Progress				
Original cost as at 01.04.2021	17,505,250,740	6,415,674,397	12,108,834,728	4,834,936,619
Additions during the year	7,720,377,408	2,393,239,793	5,396,416,012	2,066,287,691
Foreign currency translation adjustments	–	(2,414,469,710)	–	(485,549,913)
Net cost as at 31.03.2022*	25,225,628,148	6,394,444,480	17,505,250,740	6,415,674,397

(*) Capital work-in- progress as at 31-March-2022 includes during the year interest cost on lease liability of LKR.17,977 INR.4,557 (2020/21-LKR.18,037 INR 6,610) and during the year amortization of ROU asset - LKR. 65,537,249 INR.16,613,037 (2020/21- LKR 65,668,868 INR 24,067,640).

	31.03.2022 LKR	31.03.2022 INR	31.03.2021 LKR	31.03.2021 INR
10. Right of Use Asset				
Land				
Recognition on the adoption of SLFRS 16	8,667,625,478	2,197,156,382	8,667,625,478	3,176,684,738
Less: Amortization for the period	282,435,485	71,594,571	188,376,222	69,039,885
	8,385,189,993	2,125,561,811	8,479,249,256	3,107,644,852

	31.03.2022 LKR	31.03.2022 INR	31.03.2021 LKR	31.03.2021 INR
11. Non Current Prepayments				
Security deposit	25,763,850	6,530,878	13,670,874	5,010,375
Capital advances	293,452,299	74,387,223	910,089,981	333,547,978
Contract costs	107,965,907	27,368,278	29,924,765	10,967,426
	427,182,056	108,286,380	953,685,620	349,525,780
12. Inventories				
Work In Progress*	19,452,170,188	4,930,930,621	16,084,834,156	5,895,091,718

(*) Work-in- progress as at 31st March, 2022 includes during the year interest cost on lease liability of LKR 7,824 INR.1,983 (2020/21-LKR 7,850 INR.2,877) and during the year amortization of ROU asset - LKR 28,522,014 INR 7,230,045 (2020/21-LKR 28,579,294 INR.10,474,311).

	31.03.2022 LKR	31.03.2022 INR	31.03.2021 LKR	31.03.2021 INR
13. Current Prepayments				
Security deposit	4,416,270	1,119,480	5,518,714	2,022,609
Other advances	135,070,173	34,238,938	146,744,673	53,781,923
	139,486,443	35,358,419	152,263,387	55,804,531
14. Cash and Bank balances				
Cash at bank	325,629,558	82,543,837	262,079,669	96,052,199
Cash in hand	785,455	199,105	741,857	271,891
	326,415,013	82,742,942	262,821,526	96,324,089

	31.03.2022 No. of Shares	31.03.2022 Amount LKR	31.03.2022 Amount INR	31.03.2021 No. of Shares	31.03.2021 Amount LKR	31.03.2021 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 period	–	–	–	–	–	–
Closing balance	139,642,260	13,905,916,002	6,391,674,861	139,642,260	13,905,916,002	6,391,674,861
Preference shares						
Opening balance	296,127,340	29,612,734,000	12,001,773,676	216,790,940	21,679,094,000	8,886,094,476
Issued during the period	87,246,000	8,724,600,000	3,272,438,700	79,336,400	7,933,640,000	3,115,679,200
Closing balance	383,373,340	38,337,334,000	15,274,212,376	296,127,340	29,612,734,000	12,001,773,676
Total Stated Capital	523,015,600	52,243,250,002	21,665,887,237	435,769,600	43,518,650,002	18,393,448,537

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.

	31.03.2022 LKR	31.03.2022 INR	31.03.2021 LKR	31.03.2021 INR
16. Other Payables				
Auditor's remuneration and expenses	601,875	152,569	562,500	206,156
Retention - Contractor	2,272,623	576,087	7,679,338	2,814,477
Other Payables *	504,708,443	127,938,543	35,090,376	12,860,623
	507,582,941	128,667,200	43,332,213	15,881,256

* Includes payables to related parties LKR 11,990,538 INR 3,175,688 (2020/21 LKR 5,415,990 INR 2,025,394) (refer note 20).

	31.03.2022 LKR	31.03.2022 INR	31.03.2021 LKR	31.03.2021 INR
17. Notes to the Cash Flow Statement				
Cash and Cash Equivalents at the End of the Year				
Cash at bank	325,629,558	82,543,837	262,079,669	96,052,199
Cash in hand	785,455	199,105	741,857	271,891
	326,415,013	82,742,942	262,821,526	96,324,089

18. Contingencies and Commitments

Capital Commitments pending as at Balance Sheet date - LKR. 40,932,103,187 INR.10,375,878,837 (2020/21 LKR. 28,319,845,384 INR. 10,379,223,333)

Above capital commitments include LKR. 27,371,156 INR.7,029,571 (2020/21 LKR. 15,821,766 INR.5,798,677) in favour of ITC Limited.

There were no significant contingent liabilities as at the date of statement of financial position other than those disclose.

19. Events after the date of Statement of Financial Position

There were no significant events occurring after the date of statement of financial position other than the exchange rate depreciation described in note 22.

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	428,394 (284,496)	121,213 (105,311)	223,778 (246,613)	59,994 (90,218)
ITC Ltd	Parent Company	Technical Service fee	13,324,281 (11,225,865)	4,442,531 (4,397,433)	4,371,316 (2,960,720)	1,127,413 (1,088,947)
ITC Ltd	Parent Company	Reimbursement of Expenses #	16,975,453 (8,831,782)	5,548,339 (3,488,198)	7,395,444 (2,208,658)	1,988,281 (846,229)

Note: Figures in brackets relate to the previous year

\# - includes compensation costs charged to the Company by the parent company LKR.11,591,566 INR.3,683,592 (2020/21- LKR.6,338,440 INR.2,509,636) 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.

	2021/22	2021/22	2020/21	2020/21
	LKR	INR	LKR	INR
Key Management Personnel Compensation				
Short term employee benefits	49,484,444	15,339,683	38,395,044	14,701,462

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

Movement in foreign exchange rates impacts the fair value or future cash flows of a financial asset denominated in foreign currency. Currently the Company is exposed to foreign currency risk on payables and bank balances denominated in currencies other than the functional currency of the Company.

The average rate of the Sri Lankan Rupee (LKR) as reported by the Central Bank of Sri Lanka has depreciated from LKR 293.87/US Dollar (USD) as at the reporting date to LKR 353.53/USD as at the date of authorization of the financial statements. The net impact of the above depreciation of the LKR is not significant.

The company as at the reporting date, holds bank balances and has payables denominated in US Dollar. Strengthening or weakening of the USD against the LKR as at the reporting date would have affected the measurement of USD denominated bank balances, payables and the statement of comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant.

	As at 31 March 2022			
	Bank Balances (LKR)	Bank Balances (INR)	Payables (LKR)	Payables (INR)
USD denominated bank balances	211,465,763	53,604,456	(293,870,000)	(74,493,106)
Impact of 1% increase in USD rate - gain/(loss)	2,114,658	536,045	(2,938,700)	(744,931)
Impact of 1% decrease in USD rate - gain/(loss)	(2,114,658)	(536,045)	2,938,700	744,931

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. 325,629,558 INR.82,543,837 (2020/21-LKR.262,079,669 INR.96,052,199), 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. 52,243,250,002 INR.21,665,887,237 (2020/21 - LKR. 43,518,650,002 INR.18,393,448,537) 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, 2022

1. **Your Directors submit their Report for the financial year ended 31st March, 2022.**

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company recorded Total Income of ₹ 2945.51 lakhs (previous year: ₹ 2503.11 lakhs), representing an increase of 17.70% over the previous year. Other Income for the year aggregated ₹ 190.48 lakhs (previous year: ₹ 169.29 lakhs) and profit for the year was ₹ 284.82 lakhs (previous year: ₹ 380.30 lakhs).

The financial results of your Company, summarized, are as under:

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
Profits		
a. Profit Before Tax	**284.82**	380.30
b. Less : Tax Expense	**–**	–
c. Profit for the year	**284.82**	380.30
d. Other Comprehensive Income	**3.41**	4.46
e. Total Comprehensive Income	**288.23**	384.76
Retained Earnings		
a. At the beginning of the year	**(8,254.07)**	(8,638.83)
b. Add : Profit for the year	**284.82**	380.30
c. Add : Other Comprehensive Income	**3.41**	4.46
d. At the end of the year	**(7,965.84)**	(8,254.07)

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, a 27-hole Jack Nicklaus Signature Golf Course.

ITC Grand Bharat has received several accolades, establishing itself amongst the top luxury resort destination hotels in the world. During the year, the Classic Golf & Country Club continued to enjoy strong brand equity with its members, guests & golfing fraternity and continued to promote Junior, amateur and Woman's golf game in the country. Due to the 2nd wave of Covid-19, the operations at the club were suspended in May, 2021. The Club reopened in June, 2021 after implementing the highest safety and hygiene standards, social distancing norms etc., leading to progressive improvement in member footfalls.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) **Changes in Directors and Key Managerial Personnel**

During the year under review, the Members at the Twenty-Ninth Annual General Meeting (AGM) of the Company approved the appointment of Mr. Rajat Sethi as Manager of the Company for a period of three years with effect from 11th December, 2020.

Mr. Ravi Khyani resigned as the Chief Financial Officer of the Company with effect from close of work on 14th October, 2021.

Your Directors place on record their appreciation for the contribution made by Mr. Khyani during his tenure with the Company.

The Board of Directors of the Company ('the Board') at its Meeting held on 14th October, 2021 appointed Mr. Shikhar Maheshwari as the Chief Financial Officer of the Company with effect from 15th October, 2021, in accordance with Section 203 of the Companies Act, 2013 ('the Act').

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. Jagdish Singh (DIN: 00042258), 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 also functioning of the Audit Committee, 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
Mr. R. Tandon – Non-Executive Director
Ms. R. Chadha – Non-Executive Director
Mr. J. Singh – Non-Executive Director

Four meetings of the Board were held during the year ended 31st March, 2022.

Your Company has one Board Committee i.e. Audit Committee and its present composition is as follows:

Audit Committee

Mr. R. Tandon – Chairman
Mr. N. Anand – Member
Ms. R. Chadha – Member

All the recommendations made by the Committee during the year were accepted by the Board.

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, is the Internal Auditor of the Company and it periodically carries out risk focused audits with the objective of identifying 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 Manager of the Company.

Further, an annual update is provided to the Audit Committee 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, including those that arose due to the COVID-19 pandemic.

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 internal financial controls. 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.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2022, 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 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 Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year.

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. ANNUAL RETURN

The Annual Return of the Company is available on its website at https://cgronline.com/wp-content/uploads/2021/09/Annual-Return_FY-2020-21_Landbase-India-Limited.pdf

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. AUDITORS

(a) Statutory Auditors

Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants ('DHS'), were appointed as the Auditors of the Company for a period of five years from the conclusion of the Twenty-Seventh AGM till the conclusion of the Thirty-Second AGM of the Company. Pursuant to Section 142 of the Act the Board, on the recommendation of the Audit Committee, has recommended for the approval of the Members, the remuneration of DHS to conduct the statutory audit of the Company for the financial year 2022-23. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the ensuing AGM of the Company.

There is no disqualification, reservation, adverse remark or disclaimer given by the Auditors in their Report on the financial statements of the Company.

(b) Secretarial Auditors

Your Board appointed Messrs. PB & Associates, Practising Company Secretaries, as the Secretarial Auditors of the Company for the financial year ended 31st March, 2022. The Report of the Secretarial Auditors, pursuant to Section 204 of the Act, is enclosed as **Annexure 3** to this Report.

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 of the Act.

19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company continued to make efforts to improve its energy usage efficiencies. Trends in total energy consumed over the years are constantly tracked to monitor overall energy consumption. Energy conservation measures like replacing Compact Fluorescent Lamps (CFLs) with energy efficient Light-Emitting Diodes (LEDs) and upgradation of air conditioning system are constantly undertaken by the Company.

The Company neither imported any technology during the year nor incurred any expenditure on research and development.

The foreign exchange earnings of your Company during the year aggregated ₹ 50.06 lakhs (previous year: ₹ 37.43 lakhs), while the foreign exchange outflow was Nil (previous year: Nil).

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

Dated : April 29, 2022	**N. Anand** **Chairman** **Gurugram**	**J. Singh** **Director** **Kolkata**	**R. Sethi** **Manager** **Gurugram**

Annexure1 to the Report of the Board of Directors for the financial year ended 31st March, 2022

[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*	46	Manager	86,38,326	55,09,556	Bachelors in Hotel Management, Bachelors in Arts	23	11.12.2020	ITC Limited. General Manager, ITC Mughal
Col. Rajesh Singh Bains*	58	Manager - Loss Prevention	41,93,087	24,01,920	B.Sc., PG Degree in Defence Armanent Technology	38	01.04.2018	ITC Limited, Manager - Loss Prevention
Ravi Khyani*	39	Chief Financial Officer**	38,47,119	23,53,164	B.Com, C.A	15	01.03.2016	ITC Limited, Finance Controller
Pradeep Singh	57	Vice President-HR & Liaison	25,56,666	20,19,564	B.Com, L.L.B., M.B.A.	33	10.11.2006	Amira Foods (India) Limited, Sr. Manager-HR & IR
Alok Rastogi*	56	Executive Chef	25,36,702	14,85,635	Graduation - B. A, Diploma Holder	36	01.04.2019	ITC Limited – Hotels Division, Chef
Shikhar Maheshwari*	32	Chief Financial Officer***	21,20,385	12,11,978	B.Com(Hons), C.A	11	15.10.2021	ITC Limited, Financial Controller
Vikas Kumar	47	D.G.M Maintenance	14,05,566	12,11,056	B.Sc., M.Sc., P.G.D in Plantation Technology	20	05.10.2006	Soka Bodhi Tree Garden, Horticulturist
Shiv Charan	50	Manager - Engineering	13,96,090	12,28,734	M.B.A, B.E.	32	16.05.2011	ITC Limited, Asst. Manager Engineering
Keshav Kumar	45	D.G.M - Golf Operations & Marketing	13,93,143	11,87,409	B.Com	14	17.04.2009	Golden Greens Golf & Resorts Limited, Manager - Golf Operations
Rajbir Singh	54	Assistant Manager – Land & Legal	11,63,520	10,50,220	Matriculation	30	01.04.2008	Central Park, Unitech, Land Officer

**On deputation from ITC Limited, the Holding Company.*

***Resigned as Chief Financial Officer of the Company w.e.f.close of work on 14.10.2021*

**** Joined as Chief Financial Officer of the Company w.e.f. 15.10.2021*

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, 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.

c. Net remuneration comprises cash income less income tax & education cess deducted at source and employee's own contribution to provident fund.

d. The previous Chief Financial Officerand Manager – Loss Prevention have been granted Stock Options by ITC Limited (ITC), the Holding Company, in previous years 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]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the previous and present Chief Financial Officers and Manager – Loss Prevention under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is immediately conferred upon the employees by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

e. All appointments (except deputed employees) are 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

Dated : April 29, 2022	**N. Anand** **Chairman** **Gurugram**	**J. Singh** **Director** **Kolkata**	**R. Sethi** **Manager** **Gurugram**

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2022

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
b)	Nature of contracts / arrangements / transactions	License Agreement
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	License to operate Hotel 'ITC Grand Bharat' Value of the transaction during the year - ₹ 6,34,79,950/- (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

Dated : April 29, 2022	**N. Anand** **Chairman** **Gurugram**	**J. Singh** **Director** **Kolkata**	**R. Sethi** **Manager** **Gurugram**

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

[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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Landbase India Limited, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at ITC Green Centre 10 Institutional Area, Sector 32 Gurgaon, HR 122001 (hereinafter referred to as the '**Company**') for the period commencing from 1st April, 2021 to 31st March, 2022 (hereinafter referred to as the '**Audit Period**'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinions thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and available on MCA portal and also the information and management representation provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit 2021-22, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31st March, 2022 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 31st March, 2022, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

Further, we have also examined compliance with the applicable clauses of the mandatory Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board Meetings and General Meetings.

Further as informed to us and as certified by the management of the Company there are no other laws which are specifically applicable to the Company based on their sector/ industry.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors, during the period under review. All meetings of the Board of Directors and Committees Meetings were called with adequate notice/ shorter notice, agenda and detailed notes on agenda were sent along with the notice/ such later date in compliance with the provisions of the law, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously/ requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We 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.

We further report that during the audit period the Company has had no specific events/ actions that have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **P B & Associates**

Company Secretaries

Pooja Bhatia
FCS: 7673
CP: 6485
UDIN: F007673D000241555

Place: New Delhi
Dated: April 29, 2022

Note: 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.

Annexure: A

The Members,
Landbase India Limited

Our report of the 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 processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random 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. Where ever 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, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random 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 **P B & Associates**

Company Secretaries

Pooja Bhatia
FCS: 7673
CP: 6485
UDIN: F007673D000241555

Place: New Delhi
Dated: April 29, 2022

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, 2022, and the Statement of Profit and Loss (including Other Comprehensive income), 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, 2022, 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 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 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, 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 at March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as at March 31, 2022 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 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 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 - Refer note 30 to the financial 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 financial statements;

   iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 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 note 35 to 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 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.

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 - 22503760AIBDDU7096)

Place : Gurugram
Dated : April 29, 2022

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 **Landbase India Limited** ("the Company") as of March 31, 2022 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 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, 2022, 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 LLP,**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Vikas Khurana
Partner
(Membership No.: 503760)
(UDIN - 22503760AIBDDU7096)

Place : Gurugram
Dated : April 29, 2022

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 the property, plant and equipment.

B. The Company is maintaining proper records showing full particulars of intangible assets.

(b) The property, plant and equipment 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 31 March 2022 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) 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 that are covered under the provisions of sections 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) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Services Tax, Provident Fund, Employees' state insurance, Income-tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with 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, cess and other material statutory dues in arrears as at March 31, 2022 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, 2022 on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where Dispute is Pending	Remarks, if any
The Punjab Entertainment Duty Act, 1955	Entertainment Duty	275.62 Lacs#	FY 2003-04 to FY 2009-10	Hon'ble Supreme Court of India	None

Total disputed dues aggregating Rs. 275.62 Lacs as mentioned above, pertain to matters which have been stayed for recovery by the relevant authorities.

#Net of Rs. 277 Lacs paid under protest

(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 loans 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 of 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 up to 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 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) (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 its directors or directors of it's holding company 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) 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.

(d) 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 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 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 did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (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 - 22503760AIBDDU7096)

Place : Gurugram
Dated : April 29, 2022

Balance Sheet as at 31st March, 2022

Particulars	Note		As at 31st March, 2022 (₹ in lakhs)		As at 31st March, 2021 (₹ in lakhs)
ASSETS					
1 Non-current assets					
(a) Property, plant and equipment	3A		23,867.66		24,159.63
(b) Capital work-in-progress	3B		0.93		293.57
(c) Intangible assets	3C		4.57		7.18
(d) Financial assets					
(i) Investments	4	0.00*		0.00*	
(ii) Other financial assets	5	733.39	733.39	2,187.81	2,187.81
(e) Other non-current assets	6		454.21		426.92
Total Non - Current Assets			**25,060.76**		**27,075.11**
2. Current assets					
(a) Inventories	7		92.63		102.99
(b) Financial assets					
(i) Investments	8	693.16		165.12	
(ii) Trade receivables	9	133.05		38.42	
(iii) Cash and cash equivalents	10	18.95		125.24	
(iv) Other bank balances	11	2,394.95		611.47	
(v) Other financial assets	5	135.66	3,375.77	53.28	993.53
(c) Other current assets	6		62.46		91.60
Total Current Assets			**3,530.86**		1,188.12
TOTAL ASSETS (1+2)			**28,591.62**		**28,263.23**
EQUITY AND LIABILITIES					
1. Equity					
(a) Equity share capital	12		31,700.00		31,700.00
(b) Other equity			(7,354.22)		(7,642.45)
Total equity			**24,345.78**		**24,057.55**
Liabilities					
2. Non-current liabilities					
(a) Financial Liabilities					
- Other financial liabilities	13		3,089.58		3,103.68
(b) Provisions	14		120.53		110.04
(c) Other non-current liabilities	15		365.67		272.93
Total Non - Current Liabilities			**3,575.78**		**3,486.65**
3. Current liabilities					
(a) Financial liabilities					
(i) Trade payables					
(a) Total outstanding dues of micro enterprises and small enterprises; and				0.60	
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	22	182.40		276.90	
(ii) Other financial liabilities	13	102.47	284.87	106.77	384.27
(b) Other current liabilities	15		372.59		323.37
(c) Provisions	14		12.60		11.39
Total Current Liabilities			**670.06**		719.03
TOTAL EQUITY AND LIABILITIES (1+2+3)			**28,591.62**		**28,263.23**

* Represents ₹ 150

The accompanying notes 1 to 37 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 29, 2022

On behalf of the Board

N. Anand
Chairman

Jagdish Singh
Director

Rajat Sethi
The Manager

Shikhar Maheshwari
Chief Financial Officer

Rucche Siingh
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2022

	Particulars	Note	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
I	Revenue from operations	16	2,755.03	2,333.82
II	Other income	17	190.48	169.29
III	**Total Income (I+II)**		2,945.51	**2,503.11**
IV	**EXPENSES**			
	(a) Cost of materials consumed		78.27	50.96
	(b) Purchase of Stock in Trade		2.57	2.67
	(c) Changes in inventories of Stock in Trade		0.19	(0.24)
	(d) Employee benefit expenses	18	716.49	664.98
	(e) Depreciation and amortization expenses	3	521.67	511.62
	(f) Other expenses	19	1,341.50	892.82
	Total Expenses (IV)		2,660.69	2,122.81
V	**Profit before tax (III - IV)**		284.82	380.30
VI	**Tax Expense**		–	–
VII	**Profit for the year (V-VI)**		284.82	**380.30**
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	- Remeasurements gains/ (losses) on defined benefit plans		3.41	4.46
	- Income tax expense on remeasurement of defined benefit plans		–	–
IX	**Total Comprehensive Income for the year (VII+VIII)**		288.23	**384.76**
X	**Earnings per equity share (Face Value ₹ 10.00 each)**			
	Basic/ Diluted(in ₹)	20	0.09	0.12

The accompanying notes 1 to 37 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 29, 2022

On behalf of the Board

N. Anand
Chairman

Jagdish Singh
Director

Rajat Sethi
The Manager

Shikhar Maheshwari
Chief Financial Officer

Rucche Siingh
Company Secretary

Cash Flow Statement for the year ended 31st March, 2022

	Particulars	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
A	**Cash Flow from Operating Activities**		
	Profit before tax	284.82	380.30
	Adjustments for:		
	Depreciation and amortization expenses	521.67	511.62
	Interest Income	(170.63)	(149.97)
	Net (gain)/ loss on sale and write off of property, plant and equipment (Including CWIP)	303.51	5.10
	Net (gain)/ loss arising on financial assets mandatorily measured at Fair value through profit and loss	(10.13)	(5.45)
	Liabilities no longer required written back	15.65	5.22
	Bad debts & Advances written off	–	1.07
	Provision for bad and doubtful debts & Advances	–	0.01
	Operating Profit Before Working Capital Changes	944.89	747.90
	Adjustment in working capital:		
	(Increase) / Decrease in trade receivables	(94.63)	18.06
	(Increase) / Decrease in Inventories	10.36	(5.24)
	(Increase) / Decrease in other assets	28.06	19.60
	(Increase) / Decrease in other financial assets	(1.24)	–
	Increase / (Decrease) in trade payables	(110.74)	62.47
	Increase / (Decrease) in other financial liabilities	(8.28)	(9.14)
	Increase / (Decrease) in Provisions	15.11	17.22
	Increase / (Decrease) in other liabilities	141.96	(122.03)
	Cash generated from operations	925.50	728.84
	Income taxes refund/ (paid)	(26.22)	84.59
	Net Cash from Operating Activities	899.28	813.43
B	**Cash Flow from Investing Activities**		
	Purchase of property, plant and equipment	(253.07)	(159.84)
	Sales of property, plant and equipment	4.99	8.04
	Purchase of current investments	(2,045.00)	(3,345.48)
	Sale / redemption of current investments	1,527.08	3,185.81
	Interest received	89.93	105.61
	Investment in bank deposits (original maturity more than 3 months)	(940.97)	(2,172.45)
	Redemption/maturity of bank deposits (original maturity more than 3 months)	611.47	1,573.99
	Net Cash used in Investing Activities	(1,005.57)	(804.32)
C	**Cash Flow from Financing Activities**	–	–
	Net increase/ (decrease) in Cash and cash equivalents	(106.29)	9.11
	Opening Cash and cash equivalents	125.24	116.13
	Closing Cash and cash equivalents (Refer note 10)	18.95	125.24

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 37 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 29, 2022

On behalf of the Board

N. Anand
Chairman

Jagdish Singh
Director

Rajat Sethi
The Manager

Shikhar Maheshwari
Chief Financial Officer

Rucche Siingh
Company Secretary

Statement of Changes in Equity for the year ended 31st March, 2022

A. Equity Share capital

(₹ in lakhs)

Particulars	Balance at the beginning of the reporting period	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 period
For the year ended 31st March'2022	**31,700.00**	–	**31,700.00**	–	**31,700.00**
For the year ended 31st March'2021	31,700.00	–	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, 2021	**611.62**	**(8,254.07)**	**(7,642.45)**
Changes in accounting policy or prior period errors	–	–	–
Restated balance as at 1st April, 2021	–	–	–
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)**

Particulars	Reserves and Surplus		Total
	General Reserve	Retained earnings	
Balance as at 1st April, 2020	**611.62**	**(8,638.83)**	**(8,027.21)**
Changes in accounting policy or prior period errors	–	–	–
Restated balance as at 1st April, 2020	–	–	–
Profit for the year ended 31st March, 2021	–	**380.30**	**380.30**
Other Comprehensive Income	–	4.46	4.46
Total Comprehensive income for the year	–	**384.76**	**384.76**
Balance as at 31st March, 2021	**611.62**	**(8,254.07)**	**(7,642.45)**

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.

The accompanying notes 1 to 37 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 29, 2022

On behalf of the Board

N. Anand
Chairman

Jagdish Singh
Director

Rajat Sethi
The Manager

Shikhar Maheshwari
Chief Financial Officer

Rucche Siingh
Company Secretary

Notes to the Financial statements

1. **SIGNIFICANT ACCOUNTING POLICIES**

   i. **Statement of Compliance**

   The standalone 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 Act")read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), the Companies (Indian Accounting Standards) (Amendment) Rules 2016 and other relevant provisions of the Act.

   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. 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 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 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.

Notes to the Financial statements (Contd.)

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 fair value of the consideration received or receivable for services rendered, net of discounts to customers. Revenue does not include 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 are accounted for in the year of receipt.

c) Interest charged on delayed receipt of Subscription is accounted for on receipt basis.

ii) Green Fee Income, Caddie fee, Golf Set Rental, Cart Rental, Guest Entry Fees, etc. is recognized at a point in time when such services are rendered to the customer.

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.

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, 2020	Additions	Withdrawals and adjustments	As at 31st March, 2021	As at 1st April, 2021	Additions	Withdrawals and adjustments	As at 31st March, 2022	As at 1st April, 2020	For the year	Withdrawals and adjustments	Upto 31st March, 2021	As at 1st April, 2021	For the year	Withdrawals and adjustments	Upto 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021
Land (Freehold)	7,528.73	–	–	7,528.73	7,528.73	–	–	7,528.73	–	–	–	–	–	–	–	–	7,528.73	7,528.73
Building	16,543.85	25.39	–	16,569.24	16,569.24	37.83	–	16,607.07	1,381.80	280.76	–	1,662.56	1,662.56	281.87	–	1,944.43	14,662.64	14,906.68
Plant & Machinery	1,495.58	89.26	35.04	1,549.80	1,549.80	134.11	39.06	1,644.85	377.28	105.14	22.59	459.83	459.83	109.22	23.01	546.04	1,098.81	1,089.97
Office & Other Equipment	0.31	–	0.04	0.27	0.27	–	–	0.27	0.23	–	0.03	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	353.89	8.66	–	362.55	362.55	0.90	2.23	361.22	186.18	43.10	–	229.28	229.28	43.18	1.87	270.59	90.63	133.27
Computers	41.16	3.77	–	44.93	44.93	3.64	–	48.57	20.19	7.64	–	27.83	27.83	7.36	–	35.19	13.38	17.10
Vehicles	110.04	0.69	3.22	107.51	107.51	–	0.40	107.11	40.67	11.49	2.81	49.35	49.35	10.89	0.34	59.90	47.21	58.16
Golf Carts	510.97	28.15	1.45	537.67	537.67	67.08	–	604.75	165.21	60.88	1.18	224.91	224.91	66.54	–	291.45	313.30	312.76
Total (A)	26,711.91	155.92	39.75	26,828.08	26,828.08	243.56	41.69	27,029.95	2,186.05	509.01	26.61	2,668.45	2,668.45	519.06	25.22	3,162.29	23,867.66	24,159.63
B. Capital work in progress (B)	295.81	1.53	3.77	293.57	293.57	–	292.64	0.93	–	–	–	–	–	–	–	–	0.93	293.57
C. Intangible Assets																		
Computer Software	15.72	–	–	15.72	15.72	–	–	15.72	5.93	2.61	–	8.54	8.54	2.61	–	11.15	4.57	7.18
Total (C)	15.72	–	–	15.72	15.72	–	–	15.72	5.93	2.61	–	8.54	8.54	2.61	–	11.15	4.57	7.18
Grand Total (A+B+C)	27,023.44	157.45	43.52	27,137.37	27,137.37	243.56	334.33	27,046.60	2,191.98	511.62	26.61	2,676.99	2,676.99	521.67	25.22	3,173.44	23,873.16	24,460.38

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, 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
Projects temporarily suspended	–	–	–	–	–
Total	–	0.93	–	–	0.93

As at 31st March, 2021	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	1.53	–	–	292.04*	293.57
Projects temporarily suspended	–	–	–	–	–
Total	1.53	–	–	292.04*	293.57

*Refer note 26.

Notes to the Financial statements (Contd.)

(₹ in lakhs)

		As at 31st March, 2022 Unquoted	As at 31st March, 2021 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, 2022		As at 31st March, 2021	
		Current	Non-Current	Current	Non-Current
5.	**Other Financial Assets**				
	Security Deposits	2.65	–	1.41	–
	Bank deposits with more than 12 months maturity *	–	717.00	–	2,170.98
	Advances	–	7.60	–	7.60
	Less : advances-credit impaired		(7.60)	–	(7.60)
	Interest accrued on fixed and other deposits	133.01	16.39	51.87	16.83
	Other Receivables	–	–	–	–
	Total	135.66	733.39	53.28	2,187.81

* Refer note 11 for deposits with original maturity of more than 12 months and remaining maturity of less than 12 months.

(₹ in lakhs)

		As at 31st March, 2022		As at 31st March, 2021	
		Current	Non-Current	Current	Non-Current
6.	**Other assets**				
	Advances other than capital advances				
	(i) Security Deposits				
	- Utility deposits	–	9.52	–	9.52
	- With Statutory Authorities	–	7.00	–	7.00
	(ii) Advance Tax	–	156.24	–	130.02
	(iii) Other Advances				
	- With Statutory Authorities*	2.99	277.00	20.48	277.00
	- Others (Prepaid expenses, advances, etc.,)	58.47	4.45	69.51	3.38
	(iv) Other Receivables	1.00	–	1.61	–
	Total	62.46	454.21	91.60	426.92

* Non-current other advances with Statutory Authorities include

(₹ in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
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, 2022	As at 31st March, 2021
7. Inventories		
(At lower of cost and net realisable value)		
Tobacco Stock	0.26	0.45
Food & Beverages	13.19	12.99
Stock of Parking Slot/ Servant quarters	13.20	13.20
Stores and spares	79.18	89.55
Less : Provision for obsolete Stock	(13.20)	(13.20)
Total	92.63	102.99

Notes to the Financial statements (Contd.)

(₹ in lakhs)

	As at 31st March, 2022 Unquoted	As at 31st March, 2021 Unquoted
8. Current investments		
Investment in Mutual Funds (at fair value through profit or loss, unless stated otherwise)		
SBI Liquid Fund		
Nil (2021 -5,125.331) Units of Rs.1,000.00 each.	–	165.12
Kotak Liquid Fund		
1,550.766, (2021 - Nil) Units of Rs.1,000.00 each.	66.73	–
Axis Liquid Fund		
18,453.663, (2021 - Nil) Units of Rs.1,000.00 each.	436.26	–
Nippon India Liquid Fund		
3,651.505, (2021 - Nil) Units of Rs.1,000.00 each.	190.17	–
Total	693.16	165.12

	As at 31st March, 2022 Unquoted	As at 31st March, 2021 Unquoted
9. Trade receivables (Current)		
(a) Secured, considered good	3.25	–
(b) Unsecured, considered good	129.80	38.42
(c) Which have significant increase in credit risk	–	–
(d) Credit impaired	2.18	2.18
Less : Allowance for Credit impaired	(2.18)	(2.18)
Total	133.05	38.42

Trade Receivable Ageing Schedule

(₹ 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	114.21	17.28	0.59	0.67	0.29	–	133.04
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
Gross	114.21	17.28	0.59	0.68	0.29	2.18	135.23

(₹ in lakhs)

As at 31st March, 2021	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	15.45	22.55	0.13	0.29	–	–	38.42
Undisputed Trade Receivables - which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed Trade Receivables - credit impaired	–	0.01	–	–	0.09	0.24	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
Gross	15.45	22.56	0.13	0.29	0.09	2.09	40.61

(₹ in lakhs)

	As at 31st March, 2022	As at 31st March, 2021
10. Cash and cash equivalents		
Balances with Banks		
- Current accounts	17.29	110.61
- Deposit accounts (Original maturity of 3 months or less)	–	1.83
Cheques in hand	–	10.50
Cash on hand	1.66	2.30
Total	18.95	125.24

	As at 31st March, 2022	As at 31st March, 2021
11.Other bank balances		
In Deposit accounts *	2,394.95	611.47
Total	2,394.95	611.47

*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, 2022 No. of Shares	As at 31st March, 2022 (₹ in Lakhs)	As at 31st March, 2021 No. of Shares	As at 31st March, 2021 (₹ 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, 2022 No. of Shares	As at 31st March, 2022 %	As at 31st March, 2021 No. of Shares	As at 31st March, 2021 %
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, 2022 No. of Shares	As at 31st March, 2022 (₹ in Lakhs)	As at 31st March, 2021 No. of Shares	As at 31st March, 2021 (₹ 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, 2022			As at 31st March, 2021		
		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, 2022		As at 31st March, 2021	
13. Other financial liabilities				
Non-Current				
Deposits received from Members				
Security deposits received	**3,149.23**		3,153.54	
Less: Subscription fees receivable	**(62.66)**	**3,086.57**	(53.05)	3,100.49
ITC ESARs compensation payable		**3.01**		3.19
Total		**3,089.58**		**3,103.68**
Current				
Deposits received from Members				
Security deposits received	**77.76**		69.00	
Less: Subscription fees receivable	**(3.17)**	**74.59**	(1.85)	67.15
Other deposits received		**3.25**		1.55
Others				
- Retention money payable on purchase of property, plant and equipments		**0.32**		10.44
- Employee benefits payable		**23.11**		27.23
- ITC ESARs compensation payable		**1.20**		0.40
Total		**102.47**		**106.77**

Notes to the Financial statements (Contd.)

	As at 31st March, 2022 Current	As at 31st March, 2022 Non- Current	As at 31st March, 2021 Current	As at 31st March, 2021 Non- Current
	(₹ in lakhs)		(₹ in lakhs)	
14. Provisions				
Provision for employee benefits (Refer Note 24)				
Retirement benefits	**8.09**	**79.02**	7.34	71.42
Other benefits	**4.51**	**41.51**	4.05	38.62
Total	**12.60**	**120.53**	**11.39**	**110.04**

	As at 31st March, 2022 Current	As at 31st March, 2022 Non- Current	As at 31st March, 2021 Current	As at 31st March, 2021 Non- Current
	(₹ in lakhs)		(₹ in lakhs)	
15. Other Liabilities				
Advances received from customers	**18.01**	**–**	22.62	–
Revenue received in advance	**315.45**	**365.67**	258.95	272.93
Statutory liabilities	**39.13**	**–**	41.80	–
Total	**372.59**	**365.67**	**323.37**	**272.93**

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
16. Revenue from Operations		
(A) Sale of services & goods		
Membership income*	**1,018.45**	958.35
Green fees	**403.80**	311.88
Caddie fees	**157.27**	37.63
Cart rental	**295.61**	354.55
Guest Entry Fees, Golf Set Rental & Range Income	**71.50**	55.62
Advertisement income	**37.15**	25.13
License fees	**550.20**	455.67
Food & Beverages	**193.50**	117.27
Tobacco	**3.09**	2.74
Total (A)	**2,730.57**	**2,318.84**
(B) Other Operating Revenues		
Service Export from India Scheme income	**1.00**	–
Insurance claim received	**1.99**	3.60
Liabilities Written Back	**15.65**	5.22
Others including scrap sales	**5.82**	6.16
Total (B)	**24.46**	**14.98**
Revenue from operations (A+B)	**2,755.03**	**2,333.82**

*Includes amortisation of New Individual, Corporate and Tenure membership fees of ₹ 294.56 lakhs (2021: ₹ 289.66 lakhs).

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
17. Other Income		
Interest Income		
- Deposits with banks etc. - carried at amortized cost	**170.63**	149.97
- Interest on refund of Income Tax	**5.52**	6.78
- From members on delayed payments	**2.20**	3.43
- Others (from statutory authorities etc.)	**0.54**	2.10
Other gains and losses		
- Net foreign exchange gain / (loss)	**–**	–
- Net gain arising on financial assets mandatorily measured at FVTPL*	**10.13**	5.45
- Net gain on property, plant and equipment sold and written offs	**–**	–
Others	**1.46**	1.56
Total	**190.48**	**169.29**

* Includes ₹ 8.16 lakhs (Previous Year ₹ 5.49 lakhs) being net gain on sale of investments.

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
18. Employee benefit expenses		
Salaries and wages, including bonus	**417.71**	400.32
Contribution to Provident and other funds	**30.70**	29.85
Staff welfare expenses	**58.47**	47.63
Reimbursement of manager's salary on deputation	**208.99**	183.74
Share based payments to employees (Refer note 25)	**0.62**	3.44
Total	**716.49**	**664.98**

Notes to the Financial statements (Contd.)

(₹ in lakhs)

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
19. Other expenses		
Power & Fuel	171.31	137.02
Consumption of Stores and Spare parts	139.22	133.43
Contracted Manpower and Services	282.14	234.41
Rates and taxes	52.84	31.72
Insurance	22.02	23.69
Repairs and maintenance - Buildings	22.26	22.88
Repairs and maintenance - Machinery	41.49	37.14
Repairs and maintenance - Others	63.96	58.37
Maintenance and upkeep	56.44	32.58
Advertising / Sales promotion	14.20	6.76
Travelling and Conveyance Expenses	26.32	15.23
Hire Charges	6.08	11.14
Legal Expenses	16.95	15.85
Consultancy / Professional fees	29.04	43.18
Bank and credit card charges	18.13	19.49
Postage, telephone etc.	4.00	5.46
Printing and Stationery	6.99	3.75
Information Technology Services	38.80	35.20
Bad debts & Advance written off	–	1.07
Provision for bad and doubtful debts & Advances	–	0.01
Net loss on property, plant and equipment sold and written off (including Capital Work-in-Progress-Project) (Refer note 26)	303.51	5.10
Auditors remuneration and expenses*	17.26	15.51
Miscellaneous expenses	8.54	3.83
Total	1,341.50	892.82
* Auditors remuneration and expenses (excluding taxes):		
- Audit fees	14.50	12.50
- Tax audit fees	2.00	2.00
- Fees for other services	0.36	0.31
- Reimbursement of expenses	0.40	0.70
	17.26	15.51

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
20. Earnings per share		
Earnings per share has been computed as under:		
(a) Profit for the year (₹ in lakhs)	284.82	380.30
(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 ₹)	0.09	0.12

(₹ in lakhs)

	As at 31st March, 2022	As at 31st March, 2021
21. Contingent liabilities and commitments :		
(a) Claims against the Company not acknowledged as debts:		
(i) Legal cases	15.00	13.34
(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.

	As at 31st March, 2022	As at 31st March, 2021
(b) Outstanding capital commitments:		
Estimated value of contracts in capital account remaining to be executed on Property, plant and equipment.	79.02	116.41

	As at 31st March, 2022	As at 31st March, 2021
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;*	–	0.60
(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, 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**

As at 31st March, 2021	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	0.60	–	–	–	–	–	0.60
Others	67.85	192.17	16.62	–	–	0.26	276.90
Disputed Dues - MSME	–	–	–	–	–	–	–
Disputed Dues - Others	–	–	–	–	–	–	–
Total	**68.45**	**192.17**	**16.62**	–	–	**0.26**	**277.50**

23. Disclosures in respect of leases

a. 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, 2022 (₹ in Lakhs)	As at 31st March, 2021 (₹ in Lakhs)
Expense relating to short-term leases	**10.12**	16.61
Expense relating to leases of low-value assets	–	–
Total cash outflow for leases	**10.12**	16.64
Lease liabilities payable - Not later than a year	**8.00**	7.05

b. Company as Lessor:

i) Leasing 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 lease to certain third parties to carry out commercial activities.

ii) Such leasing 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 lease 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 2022		As at 31st March 2021	
	Gross Block	Net Block	Gross Block	Net Block
Land	**100.00**	**100.00**	100.00	100.00
Building	**13,317.01**	**11,831.77**	13,317.01	12,043.95
Plant & Machinery	**152.02**	**83.48**	152.02	93.27
Furniture and Fixtures	**19.42**	**2.80**	19.42	5.17

24. Disclosure required under Indian Accounting Standard (Ind AS) 19

a) Defined Benefit Plans - As per actuarial Valuations as on 31st March 2022 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, 2022 Gratuity Unfunded	For the year ended 31st March, 2021 Gratuity Unfunded
I	**Components of Employer Expense Recognised in Profit or Loss**		
1	Current Service Cost	9.30	8.78
2	Net Interest Cost	4.85	4.41
3	**Total expense recognised in the Statement of Profit and Loss**	**14.15**	**13.19**
	Re-measurements recognised in Other Comprehensive Income		
4	Effect of changes in demographic assumptions	–	–
5	Effect of changes in financial assumptions	(2.44)	–
6	Effect of experience adjustments	(0.96)	(4.46)
7	**Total re-measurements included in Other Comprehensive Income**	**(3.40)**	**(4.46)**
8	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (3+7)**	**10.75**	**8.73**

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, 2022 Gratuity	As at 31st March, 2021 Gratuity
II	**Net Asset/(Liability) recognised in Balance Sheet**		
1	Present Value of Defined Benefit Obligation (DBO)	87.11	78.76
2	Fair value of plan assets	–	–
3	Net defined benefit liability (asset)	87.11	78.76
	- Current	8.09	7.34
	- Non current	79.02	71.42

		For the year ended 31st March, 2022 Gratuity	For the year ended 31st March, 2021 Gratuity
III	**Change in Defined Benefit Obligation (DBO)**		
1	Present Value of DBO at the beginning of the year	78.76	70.93
2	Current Service Cost	9.30	8.78
3	Interest Cost	4.85	4.41
	Remeasurement gains / (losses):		
4	Effect of changes in demographic assumptions	–	–
5	Effect of changes in financial assumptions	(2.44)	–
6	Effect of experience adjustments	(0.96)	(4.46)
7	Benefits Paid	(2.40)	(0.90)
8	**Present Value of DBO at the end of the year**	**87.11**	**78.76**
IV	**Actuarial Assumptions**	Gratuity	Gratuity
1	Discount Rate (%)	6.75%	6.25%
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, 2022 Gratuity	As at 31st March, 2021 Gratuity
V	**Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)**		
1	Present Value of Defined Benefit Obligation	(87.11)	(78.76)
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: ₹ 30.70 lakhs (2021 - ₹ 29.85 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, 2022	DBO as at 31st March, 2021
1	Discount Rate + 100 basis points	82.38	74.11
2	Discount Rate - 100 basis points	92.35	83.96
3	Salary Increase Rate + 1%	91.84	83.46
4	Salary Increase Rate – 1%	82.76	74.47
5	Attrition Rate + 1%	86.72	78.27
6	Attrition Rate - 1%	87.51	79.30

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 (2021: ₹ 2.17 lakhs) towards ITC ESOS and ₹ 0.62 lakhs (2021: ₹ 1.27 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, ₹ 0.47 lakhs (2021: ₹ 2.47 lakhs) is attributable to key management personnel [Mr. Shikhar Maheshwari ₹ 0.19 lakh (2021: ₹ Nil), Mr. Deepak C Manezes ₹ NIL (2021 ₹ 0.47 lakhs) and Mr. Ravi Khyani ₹ 0.28 lakh (2021 : ₹ 2.00 lakhs)].

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

Particulars	As at 31st March, 2022 No. of Options	As at 31st March, 2021 No. of Options
No. of Options Outstanding at the beginning of the year	18,748	1,14,778
Options Granted during the year	–	–
Effects of Corporate Action (Bonus)	–	–
Options Forfeited / Surrendered during the year	2,615	1,350
Options due to transfer in and transfer out	-8,388	-94,680
Options Exercised during the year	–	–
Number of options Outstanding at the end of the year	7,745	18,748
Number of Options exercisable at the end of the year	7,745	18,748
Options Vested and Exercisable during the year	–	1,535

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. CWIP Represents ₹ NIL (2021: ₹ 292.04 Lakhs) balance for the golf hut project undertaken by the Company. The Project remained in CWIP due to restrictive nature of regulatory approvals accorded to the Project, which is currently sub-judice. Considering the change in market conditions since the commencement of the Project and the lengthy process involved in resolution of the ongoing litigation, the Company has written off the CWIP balance of ₹ 292.04 lakhs during the year.

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 ₹ 2,997.73 lakhs (Previous year ₹ 3,002.79 lakhs) as deposits received from individuals towards golf memberships and ₹ 151.50 lakhs (Previous year ₹ 150.75 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 ₹ 77.76 lakhs (Previous year ₹ 69.00 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, 2022	As at 31st March, 2021
Deferred tax assets		
On Unabsorbed depreciation	2,531.32	2,553.38
On Unabsorbed business loss	–	1.82
Other timing differences	57.31	52.95
Deferred tax liabilities		
Depreciation	(1,924.34)	(1,798.12)
Net Deferred Tax Asset	**664.29**	**810.03**

In view of the significant carry forward income tax losses (business and depreciation) and there being no reasonable certainty of significant profits in the near future, net deferred tax asset as at 31st March 2022 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
Mr. Jagdish Singh	Non-Executive Director
Ms. Ratna Chadha	Non-Executive Director
Mr. Rajat Sethi	Manager
Mr. Ravi Khyani	Chief Financial Officer (up to 14th October, 2021)
Mr. Shikhar Maheshwari	Chief Financial Officer (From 15th October, 2021)
Ms. Rucche Siingh	Company Secretary

(iii) **Other Related Parties with whom the Company had transactions :**

Fellow Subsidiaries	Srinivasa Resorts Limited
Associate	International Travel House Limited

(iv) **Disclosure of transactions between the Company and related parties** (₹ in Lakhs)

	RELATED PARTY TRANSACTIONS SUMMARY	Holding Company		Fellow Subsidiaries		Associates		Key Management Personnel		Total	
		2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
1	Sale of Services#	**97.66**	41.50	–	–	–	–	**1.00**	0.71	**98.66**	42.21
2	Purchase of Services#	**78.26**	5.34	–	–	**0.60**	–	–	–	**78.86**	5.34
3	Recovery of Contractual Remuneration	**0.18**	3.59	–	–	–	–	–	–	**0.18**	3.59
4	Expenses Recovered	**0.85**	1.05	–	–	–	–	–	–	**0.85**	1.05
5	License Fees Received#	**634.80**	531.00	–	–	–	–	–	–	**634.80**	531.00
6	Expenses Reimbursed**	**249.14**	259.41	**0.38**	–	–	–	**7.23**	3.99	**256.75**	263.40
7	Director Sitting Fee	–	–	–	–	–	–	**1.20**	1.40	**1.20**	1.40
8	**Share based payments**			–							
	Equity Settled Share Based Payments	–	2.17		–	–	–	–	–	–	2.17
	Cash Settled Share Based Payments	**0.62**	1.27		–	–	–	–	–	**0.62**	1.27

	Compensation of key management personnel	Holding Company	
	The remuneration of Managing Director and other members of key management personnel during the year was as follows *	**2022**	2021
	Short term benefits	**124.05**	93.10

* Post employment benefits are actuarially determined on overall basis and hence not separately provided.

** Expenses reimbursed includes expenses on account of salary of personnel deputed by ITC Limited (including managerial remuneration) of ₹ 208.99 lakhs (Previous Year ₹ 183.74 lakhs). This includes salary paid to Key management personnel of ₹ 128.20 lakhs (Previous year ₹ 97.59 lakhs).

Includes GST

(v) **DISCLOSURE OF THE STATUS OF OUTSTANDING BALANCES**

(₹ in Lakhs)

	RELATED PARTY TRANSACTIONS SUMMARY	Holding Company		Fellow Subsidiaries		Associates		Key Management Personnel	
		2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
1	Payables	**24.67**	27.18	–	–	**0.16**	–	–	0.19
2	Receivables	**99.04**	1.62	–	–	–	–	–	–

Notes to the Financial statements (Contd.)

33. Ratio Disclosures

Particulars	Numerator	Denominator	As at 31st March, 2022	As at 31st March, 2021	% Variance	Reasons for Variance
Current Ratio (in times)	Current Assets	Current Liabilities	**5.27**	1.65	218.90%	Refer Note 1.
Return on Equity Ratio (in %)	Profit after tax	Average Shareholder's Equity	**1.18%**	1.59%	-0.41%	
Inventory turnover ratio (in times)	Sales	Average inventory	**27.92**	23.10	20.84%	
Trade Receivables turnover ratio (in times)	Sales	Average Trade Receivables	**31.85**	48.86	-34.81%	Refer Note 2.
Trade payables turnover ratio (in times)"	Purchases	Average Trade Payables	**5.10**	4.20	21.46%	
Net capital turnover ratio (in times)	Sales	Working Capital	**0.95**	4.94	-80.69%	Refer Note 1.
Net profit ratio (in %)	Profit after tax	Sales	**10.43%**	16.40%	-5.97%	
Return on Capital employed (in %)	Profit before interest and taxes	Average Capital Employed	**1.18%**	1.59%	-0.41%	
Return on investment (in %)	Income from investment	Average Investment	**3.55%**	3.19%	0.36%	

Note 1 - Increase in Current Assets due to classification of Fixed Deposits to "Current from Non-current" based on residual maturity.
Note 2 - Increase in Trade receivables in FY'22 on account of higher operating license fees.
Note 3 - 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, 2022	As at 31st March, 2021
0 to 1 years	**315.45**	230.06
1 to 3 years	**256.97**	220.16
3 to 10 years	**108.70**	52.77

35. The Company have not advanced or loaned or invested funds (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 that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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.

Notes to the Financial statements (Contd.)

2. Categories of Financial Instruments

(₹ in Lakhs)

Particulars	Note	As at 31st March, 2022		As at 31st March, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	10	18.95	18.95	125.24	125.24
ii) Other bank balances	11	2,394.95	2,394.95	611.47	611.47
iii) Trade receivables	9	133.05	133.05	38.42	38.42
iv) Other financial assets	5	869.05	869.05	2,241.09	2,241.09
Sub - total		**3,416.00**	**3,416.00**	**3,016.22**	**3,016.22**
b) Measured at Fair value through Profit & Loss					
- Investments in Mutual Funds	8	693.16	693.16	165.12	165.12
Sub - total		**693.16**	**693.16**	**165.12**	**165.12**
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		**4,109.16**	**4,109.16**	**3,181.34**	**3,181.34**
B. Financial liabilities					
a) Measured at amortised cost					
(i) Trade Payables		182.40	182.40	277.50	277.50
(ii) Other financial liabilities	13	3,192.05	3,192.05	3,210.45	3,210.45
Total financial liabilities		**3,374.45**	**3,374.45**	**3,487.95**	**3,487.95**

*Represents ₹ 150.

3. Financial risk management objectives

The Company's activities covers operation of a golf course and leasing 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 ₹ 3530.86 lakhs (2021 - ₹ 1,188.12 lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 3107.06 lakhs (2021 - ₹ 901.83 lakhs) against an aggregate Current liability of ₹ 670.06 lakhs (2021 - ₹ 719.03 lakhs); Non-current liabilities due between one year to three years amounting to ₹ 81.37 lakhs (2021 - ₹ 77.84 lakhs) and Non-current liability due after three years amounting to ₹ 70.75 lakhs (2021 - ₹ 72.24 lakhs) on the reporting date. Further, the Company's total equity stands at ₹ 24,345.78 lakhs (2021 - ₹ 24,057.55 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 ₹ 3,111.95 lakhs (2021 - ₹ 2,784.28 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 ₹ 133.05 lakhs (2021 – ₹ 38.42 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, 2022	As at 31st March, 2021
A. Financial assets			
a) Measured at amortised cost			
- Others financial assets	3	**733.39**	2,187.81
b) Measured at Fair value through Profit & Loss			
- Investments in Mutual Funds	1	**693.16**	165.12
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)		**1,426.55**	**2,352.93**
B. Financial liabilities			
a) Measured at amortised cost			
- Other financial liabilities	3	**3,089.58**	3,103.68
Total financial liabilities		**3,089.58**	**3,103.68**

***Represents ₹ 150.**

37. The financial statements were approved for issue by the Board of Directors on April 29, 2022.

On behalf of the Board

N. Anand
Chairman

Jagdish Singh
Director

Rajat Sethi
The Manager

Shikhar Maheshwari
Chief Financial Officer

Rucche Siingh
Company Secretary

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

Your Board of Directors ('the Board') hereby submit their Report for the financial year ended 31st March, 2022.

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, production of potatoes in India was at an all-time high at about 53 Million Metric Tons (MT), which is 12% higher than previous year due to favourable weather conditions. As a result, potato prices were lower than previous year coupled with low demand from the major consuming markets during second wave of COVID-19 pandemic.

Despite the challenging environment, your Company was able to leverage its strong brand, superior product quality, better on-field performance, strong trade and customer relationships to capture better value realization of its seed potatoes. Your Company recorded Revenue from Operations at ₹ 256.67 crores (previous year ₹ 287.09 crores) with a Net Profit of ₹ 43.04 crores (previous year ₹ 72.92 crores). Total Comprehensive Income for the year stood at ₹ 43.04 crores (previous year ₹ 72.92 crores). During the year, your Company declared interim dividend ₹ 8/- per Equity Share of ₹ 10/- each, aggregating ₹ 30.37 crores.

Your Company, along with the Global and Indian economy, continues to be impacted by the COVID-19 pandemic in various ways. However, laid down systems and processes enabled seamless Work From Home (WFH) eco system for all key employees and functions in compliance with cyber security related WFH guidelines. This aided your Company's ability to mitigate operational constraints to a large extent and facilitated normalcy in operations.

SEEDS BUSINESS

(a) Growing of TECHNITUBER® Seed Potatoes

During the year under review, your Company harvested higher quantum of TECHNITUBER® seed potatoes at 217.40 lakhs (previous year: 167.37 lakhs) at its facility in Manpura, Himachal Pradesh, facilitated by the four new green houses added during the previous year.

(b) Field agricultural operations

Due to bad weather and heavy rains during the crop period i.e. October, 2021 to March, 2022, your Company harvested lower quantity of early generation seed potatoes at 89,121 MT (previous year: 92,766 MT). 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 and storage mechanisation processes and showcase 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 72,863 MT of early generation seed potatoes as against 58,884 MT in the previous year. TECHNITUBER® seed potato exports were higher at 7.20 lakhs as against 3.12 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 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, onions etc. 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, 2022	For the year ended 31st March, 2021
Profits		
a. Profit Before Tax	5081.94	9322.09
b. Less : Tax Expense	778.00	2030.14
c. Profit After Tax	4303.94	7291.95
d. Add : Other Comprehensive Income / (loss)	(0.01)	(0.07)
e. Total Comprehensive Income	4303.93	7291.88

DIVIDEND & RETAINED EARNINGS

During the year under review, Interim Dividend of ₹ 8/- per Equity Share was declared by the Board on 22nd March, 2022, out of the profits of your Company. 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 ₹ 3037.02 lakhs,has been recommended by your Directors to be confirmed as the Final Dividend for the financial year ended 31st March, 2022.

The movement in Retained Earnings is summarised below:

(₹ in lakhs)

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Retained Earnings		
a. At the beginning of the year	5190.14	3972.31
b. Add : Profit for the year	4303.94	7291.95
c. Add : Other Comprehensive Income / (loss)	(0.01)	(0.07)
d. Less: Interim Dividend paid	3037.02	6074.05
e. At the end of year	6457.05	5190.14

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Changes in Directors and Key Managerial Personnel during the year

Considering the deep knowledge in the seed potato business of Mr. Sachidanand Shivprakash Madan (DIN: 00419076), your Board at its meeting held on 19th October, 2021, recommended for the approval of the Members, the reappointment of Mr. Madan as a Non-Executive Director of your Company. Thereafter, at the Extra-ordinary General Meeting held on 19th November, 2021, Mr. Madan was re-appointed as the Non-Executive Director of your Company for the period from 28th November, 2021 to 27th November, 2022 and necessary approval of Members for the said appointment was also obtained under Section 188 of the Companies Act, 2013 ('the Act').

In accordance with the provisions of Section 152 of the Act read with Article 123 of the Articles of Association of the Company, Messrs. Sundararaman Ganesh Kumar (DIN: 02782447) and David Charles McDonald (DIN: 00419180), Directors 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.

Further, consequent to the resignation of Mr. Debanjan Sarkar as Company Secretary of your Company, with effect from 31st December, 2021, your Board appointed Ms. Anjali as Company Secretary of your Company, with effect from 1st January, 2022 in terms of the provision of Section 203 of the Act.

(b) 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 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

Six meetings of the Board were held during the year ended 31st March, 2022.

Your Company is not required to constitute any Board Committees under the Act except CSR Committee. The composition of the CSR Committee of the Board is given below:

CSR Committee

Mr. S. Sivakumar	–	Chairman
Mr. D. Ashok	–	Member
Mr. Sachidanand S. Madan	–	Member

Three meetings of the CSR Committee of the Board were held during the year ended 31st March, 2022.

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 carefully 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 through to 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 Committees 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 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, 2022, 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, 2022, the related party transactions entered into by the Company were in the ordinary course of business and at arm's length basis. The details of related party transactions of your Company required to be reported in the prescribed Form No. AOC-2 are enclosed under 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 2022-23. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of your Company.

SECRETARIAL AUDITORS

Your Board appointed Messrs. S.K. Sikka & Associates, Practising Company Secretaries, as the Secretarial Auditors of your Company for the financial year ended 31st March, 2022. The Report of the Secretarial Auditors pursuant to Section 204 of the Act, is enclosed under Annexure 4 to this 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 : 29th April, 2022

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2022

[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 *	52	Chief Executive Officer	1,81,69,403	95,65,666	M.Sc. (Agriculture)	29	28.11.2020	Commercial Lead – Asia Africa Region Monsanto Holdings Pvt. Ltd.
S. Pal Singh *	60	Vice President – Supply Chain	1,14,27,898	66,03,304	M.Sc. (Agriculture)	36	01.04.2012	Russell Credit Limited - on deputation to Technico Agri Sciences Limited
N. K. Jha *	46	Business Head – Seed & F&V	89,71,464	57,17,850	M.Sc. (Agriculture), M.S. (IT in Agriculture), M.B.A. (Marketing)	18	16.08.2007	Reliance Retail Limited - State Head - Planning & MIS
Sanjeev Madan	56	Chief Financial Officer	76,73,588	52,22,876	B.Com. (Hons.), F.C.A.	30	01.08.2005	Saboo Coatings Limited - Chief Finance Officer
A. Aggarwal	43	General Manager - Finance	38,05,787	27,92,430	B.Com., A.C.A.	20	03.03.2006	Satyam Computer Services Limited - Sr. Associate
T. Pant	55	Deputy General Manager - Agronomy	34,96,217	26,20,965	M.Sc. (Agriculture)	27	01.08.2001	Indomint Agriproducts Private Limited - Area Manager
R. Singh	51	Deputy General Manager - Facility	30,36,152	23,42,082	M.Sc. (Agriculture)	27	15.05.2000	Salora Floritech Limited - Horticulturist
Tapajyoti Chanda*	42	Assistant Manager - Operations	27,64,790	20,07,547	PGD (Agri Business & Plantation Management)	17	01.10.2020	Spencer's Retail Ltd. - Sr. Category Manager
S. Manjkhola	48	Manager - Facility	22,78,920	18,01,350	M.Sc. (Env. Science), Ph.D.	23	02.07.2007	Reliance Retail Limited - Dy. Manager
Jatin Khurana	28	Manager – Finance	20,47,952	17,07,420	B.Com., A.C.A.	5	23.09.2019	Price Waterhouse –Associate

* *On deputation from ITC.*

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. Certain employees (including deputed employees) have been granted Stock Options by ITC Limited (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. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) in the previous year(s) to the deputed employees under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grants have 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 : 29th April, 2022

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, 2022

1. **A brief outline on CSR Policy of the Company:**

Technico Agri Sciences Limited (TASL), a wholly owned subsidiary of ITC Limited (ITC), will discharge its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC.

TASL, accordingly, will 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 your 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	3	3
2.	Mr. D. Ashok	Member - Non- Executive Director		3
3.	Mr. Sachidanand S. Madan	Member - Non- Executive Director		3

3. The web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of your Company: **https://technituberindia.com/corporate-social-responsibility**

4. The details 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 (attach the report): **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **Not Applicable**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
Not Applicable			

6. Average net profit of the Company as per section 135(5): ₹ **4472.12 lakhs**

7.

(a)	Two percent of average net profits of the Company as per Section 135(5)	**₹ 89.44 lakhs**
(b)	Surplus arising out of the CSR projects or Programme 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 (7a+7b-7c)	**₹ 89.44 lakhs**

8. (a) 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
₹ 92.38 lakhs	Not Applicable				

b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration No.
Not Applicable												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.
1.	Trained farmers to grow vegetables for Improved Agricultural practices, better yield	Schedule VII, clause (x) [Agri extension services and farm productivity enhancement measures]	Yes	Punjab, Haryana, Uttar Pradesh	Ludhiana, Karnal, Meerut	₹ 7.17 lakhs	Yes	N.A.	N.A.
2.	Provided planters – Farmers would fetch better yields	Schedule VII, clause (x) [Agri extension services and farm productivity enhancement measures]	Yes	Punjab, Haryana, Uttar Pradesh	Ludhiana, Karnal, Meerut	27.24 lakhs	Yes	N.A.	N.A.
3.	Provided grading machines – Farmers will get better prices of their produce	Schedule VII, clause (x) [Agri extension services and farm productivity enhancement measures]	Yes	Punjab, Haryana, Uttar Pradesh	Ludhiana, Karnal, Meerut	57.97 lakhs	Yes	N.A.	N.A.
	Total					92.38 lakhs			

(d) Amount spent in Administrative Overheads: **Nil**

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **₹ 92.38 lakhs**

(g) Excess amount for set off, if any: **Not Applicable**

Sl. No.	Particular	Amount (in ₹)
(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)]	

9. (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 ₹)	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	
Not Applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial year in which the Project was commenced	Project duration	Total amount allocated for the Project (in ₹)	Amount spent on the Project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the Project – Completed / Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): **Not Applicable**

(a) Date of creation or acquisition of the capital asset(s)

(b) Amount of CSR spent for creation or acquisition of capital asset

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

11. 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

Dated : 29th April, 2022

Annexure 3 to the Report of the Board of Directors for the financial year ended 31st March, 2022

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, 2021 to 31st March, 2022
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 ₹ 5,135.06 lakhs
e)	Date(s) of approval by the Board, if any	24th March, 2021
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 a Non-Executive Director of your Company.
b)	Nature of contracts / arrangements / transactions	Mr. Madan is providing 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	1st February, 2021 to 27th November, 2021 and 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	27th January, 2021 and 19th October, 2021
f)	Amount paid as advances, if any	Nil

On behalf of the Board

Dated : 29th April, 2022

S. Sivakumar
Chairman

Annexure 4 to the Report of the Board of Directors for the financial year ended 31st March, 2022

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 31stMarch 2022

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 31stMarch 2022, 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 31stMarch 2022, 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) The Company has complied with the following laws applicable specifically to the Company:

a) The Hazardous Waste (Management & Handling) Rules 1989 and the Amendment Rules, 2003
b) The Environment Protection Act, 1986 and other Environmental laws
c) The Air (Prevention and Control of Pollution) Act, 1981
d) The Water (Prevention and Control of Pollution) Act, 1974
e) The Factories Act, 1948, The Payment of Wages Act, 1936, The Minimum Wages Act, 1948, The Employees Provident Fund & Miscellaneous Provisions Act, 1952, The Employees' State Insurance Act, 1948, The Payment of Bonus Act, 1965, The Employees Compensation Act, 1923, The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, The Payment of Gratuity Act, 1972, The Equal Remuneration Act, 1976, The Contract Labour (R&A) Act, 1970, The Maternity Benefit (Amendment) Act, 2017, The Posh Act, 2013,The Aadhar Act 2016 and The IT Rules, 2011,The Weekly Holiday Act, 1942,etc. and rules framed thereunder.
f) The Seeds Act, 1966, The Legal Metrology Act, 2009, The Batteries (Management & Handling) Rules, 2001, The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Rules, 2004, etc. and rules framed thereunder.
g) The Himachal Pradesh Electricity Act, 2009, The Himachal Pradesh Fire Fighting Services Act, 1984, The West Bengal State Tax on Professions, Trades, Callings, and Employments Act, 1979, The Punjab Shops & Commercial Establishments Act, 1958, The Punjab Labour Welfare Fund Act, 1965, etc. and rules framed thereunder.

The Company is an unlisted public company and 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 with proper balance of executive and non-executive directors. There are no changes in the composition of the Board of Directors during the period under review.

- Adequate notices were given to all Directors to schedule the Board Meetings, including committees thereof, alongwith 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 ₹ 89.50 lakhs and the amount actually spent during the year under report was ₹ 92.37 lakhs which was spent for the activities as per Schedule VII, clause (x)Agri extension services and farm productivity enhancement measures by providing trainings to the farmers and also by providingvegetable planters and grading machine for better yield and better prices to the farmers.

I 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.

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: 21st April, 2022

(Sushil K. Sikka)
Prop.
FCS 4241, CP 3582
UDIN : F004241D000178360

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 2022 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 **(Sushil K. Sikka)**
Date: 21st April, 2022 **Prop.**
FCS 4241, CP 3582
UDIN : F004241D000178360

Annexure 5 to the Report of the Board of Directors for the financial year ended 31st March, 2022

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. Improvement in energy usage efficiencies of lighting systems by switching over to higher efficiency Light Emitting Diodes (LEDs).
2. Utilising natural sunlight in the Company's office through large glass windows to reduce electricity consumption for lighting.

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, using new chemicals to minimise disease pressure and thus, reduced 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	:	33.50
Foreign Exchange Outgo	:	32.18

On behalf of the Board

Dated : 29th April, 2022

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 2022, 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, 2022, its profitincluding 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 onMarch 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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, 2022 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 34 to the financial statements;

ii. The Company have long-term contracts as at March 31, 2022 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2022;

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. The dividend declared or paid during the year by the Companyis in compliance with section 123 of the Act.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Tanmoy Dasmahapatra
Partner
Membership Number: 058259
UDIN: 22058259AICRWE6942
Place of Signature: Kolkata
Date: April 29, 2022

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 March 28, 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 as at March 31, 2022.

(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, 2022.

(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. Inventories and biological assets lying with third parties have been confirmed by them as at March 31, 2022. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Based on the physical verifications conducted by the management and confirmations received from third parties, discrepancies of 10% or more in aggregate for each class of inventory were not noticed.

(b) As disclosed in note 16 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 2019-2020	173.32	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, thewhistle 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, 2020and ending on September 30, 2021, 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 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) of the Order is not applicable to the Company.

(d) The Group does not have more than one CIC, 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 45to 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 32 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 32 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 Tanmoy Dasmahapatra
Partner
Membership Number: 058259
UDIN: 22058259AICRWE6942
Place of Signature: Kolkata
Date: April 29, 2022

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, 2022 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, 2022, 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 Tanmoy Dasmahapatra
Partner
Membership Number: 058259
UDIN: 22058259AICRWE6942
Place of Signature: Kolkata
Date: April 29, 2022

BALANCE SHEET AS AT 31 MARCH, 2022

(Amount in ₹ lakhs)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3.1	1496.32	1185.38
(b) Capital work-in-progress	3.1	108.92	5.67
(c) Intangible assets	3.2	5.88	4.02
(d) Right-of-use assets	3.3,35	134.86	159.43
(e) Financial assets			
(i) Other financial assets	6	11.78	11.03
(f) Deferred tax assets (Net)	7	4.89	6.10
(g) Other non-current assets	8	38.72	33.77
Total non-current assets		1801.37	1405.40
Current assets			
(a) Inventories	9	3324.65	3723.83
(b) Biological assets other than bearer plants	4	10692.33	10796.32
(c) Financial assets			
(i) Investments	5	3620.51	–
(ii) Trade receivables	10	543.40	345.94
(iii) Cash and cash equivalents	11	341.73	6.21
(iv) Other bank balances	12	2433.00	5387.00
(v) Other financial assets	6	55.56	137.39
(d) Other current assets	8	119.11	155.53
Total current assets		21130.29	20552.22
Total assets		22931.66	21957.62
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	3796.28	3796.28
(b) Other equity	14	6457.05	5190.14
Total equity		10253.33	8986.42
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	35	145.56	163.99
(ii) Other financial liabilities	18	34.57	34.04
(b) Provisions	15	26.75	26.76
Total non-current liabilities		206.88	224.79
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	–	387.54
(ii) Lease liabilities	35	18.43	19.52
(iii) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	17	3.63	2.64
- total outstanding dues of creditors other than micro enterprises and small enterprises	17	5911.64	7827.84
(iv) Other financial liabilities	18	413.14	371.26
(b) Contract liabilities	19	2931.55	1526.39
(c) Other current liabilities	20	356.40	499.72
(d) Liabilities for current tax (net of advance income tax including TDS recoverable)		2765.44	2053.67
(e) Provisions	15	71.22	57.83
Total current liabilities		12471.45	12746.41
Total liabilities		12678.33	12971.20
Total equity and liabilities		22931.66	21957.62

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

Tanmoy Dasmahapatra
Partner
Membership no.: 058259

Place: Kolkata
Date: 29 April, 2022

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

Anjali
Company Secretary
Chandigarh

Date: 29 April, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2022

(Amount in ₹ lakhs)

	Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
I	Revenue from operations	21	**25666.89**	28708.62
II	Other income	22	**435.99**	519.22
III	Total Income (I+II)		**26102.88**	29227.84
IV	**Expenses**			
	Cost of raw material and components consumed	23	**1391.73**	1185.92
	Purchases of stock-in-trade and biological assets	24	**5791.15**	8172.71
	Changes in inventories of finished goods, stock-in-trade and biological assets	25, 4	**593.50**	(3498.93)
	Employee benefits expense	26	**1540.13**	1598.33
	Finance costs	27	**20.64**	16.69
	Depreciation and amortisation expense	28	**207.77**	165.47
	Other expenses	29	**11476.02**	12265.56
	Total expenses (IV)		**21020.94**	19905.75
V	**Profit before tax (III-IV)**		**5081.94**	9322.09
VI	**Tax expenses :**			
	(1) Current tax	30	**776.80**	1604.30
	(2) Deferred tax	7, 30	**1.20**	425.84
	Total tax expenses		**778.00**	2030.14
VII	**Profit for the year (V-VI)**		**4303.94**	7291.95
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of net defined benefit liability	36	**(0.01)**	(0.07)
	(ii) Tax relating to items that will not be reclassified to profit or loss		–	–
	Total other comprehensive income/(loss) (i + ii)		**(0.01)**	(0.07)
IX	**Total comprehensive income for the year (VII+VIII)**		**4303.93**	7291.88
	Earnings per share (in ₹) [(Face value ₹ 10 each (31 March 2021 : ₹ 10)]	31		
	(1) Basic		**11.34**	19.21
	(2) Diluted		**11.34**	19.21

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

Tanmoy Dasmahapatra
Partner
Membership no.: 058259

Place: Kolkata
Date: 29 April, 2022

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

Anjali
Company Secretary
Chandigarh

Date: 29 April, 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2022

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash flow from operating activities		
Profit before tax	**5081.94**	9322.09
Adjustments for :		
Depreciation and amortization expense and Right-of-use assets	**207.77**	165.47
Loss on disposal of property, plant and equipment	**17.80**	0.14
Gain on sale of current investments	**(20.29)**	(74.08)
Gain on fair value measurement of investments	**(9.84)**	–
Interest expense	**20.64**	16.69
Interest income	**(278.91)**	(280.47)
Provisions/Liabilities written back to the extent no longer required	**(3.28)**	(50.00)
Operating profit before changes in working capital	**5015.83**	9099.84
Changes in operating assets and liabilities		
(Increase)/decrease in trade receivables	**(197.46)**	(235.56)
(Increase)/decrease in inventories	**399.18**	(1110.42)
(Increase)/decrease in biological assets other than bearer plants	**103.99**	(2402.90)
(Increase)/decrease in other financial assets	**2.53**	(132.39)
Decrease/(increase) in other non-current assets	**2.65**	(1.71)
(Increase)/decrease in other current assets	**36.42**	61.88
Increase/(decrease) in trade payables	**(1911.93)**	2430.23
Increase/(decrease) in provisions	**13.37**	7.82
Increase/(decrease) in other financial liabilities	**13.10**	230.37
Increase/(decrease) in other current liabilities	**1261.84**	993.98
Increase/(decrease) in right to return asset and prepayments	**(33.91)**	(35.07)
Cash generated from operations	**4705.61**	8906.07
Taxes paid (Including TDS recoverable)	**(65.02)**	(715.68)
Net cash inflow from operating activities (A)	**4640.59**	8190.39
Cash flows from investing activities		
Payments for property, plant and equipment	**(610.36)**	(326.77)
Payments for purchase of investments	**(17844.11)**	(29558.84)
Proceeds from sale of investments	**14253.73**	32383.07
Investment in bank deposits	**(13888.00)**	(14052.00)
Maturity of bank deposits	**16842.00**	8804.67
Proceeds from sale of property, plant and equipment	**15.02**	6.72
Interest received	**357.46**	150.47
Net cash (outflow) from investing activities (B)	**(874.26)**	(2592.68)
Cash flows from financing activities		
Interest paid	**(6.25)**	(0.72)
Interim dividends paid	**(3037.02)**	(6074.05)
Proceeds/(Repayment) from/of borrowings	**(387.54)**	387.54
Net cash (outflow) from financing activities (C)	**(3430.81)**	(5687.23)
Net increase in cash and cash equivalents (A+B+C)	**335.52**	(89.52)
Cash and cash equivalents at the beginning of the financial year	**6.21**	95.73
Cash and cash equivalents at end of the year (Refer Note 11)	**341.73**	6.21
Cash and cash equivalents as per above comprise of the following		
(a) Balances with Banks		
- In current account	**341.68**	6.21
(b) Cash on hand*	**0.05**	0.00
Total Cash and cash equivalents (Refer Note 11)	**341.73**	6.21

* Amount is below the rounding off norm adopted by the Company.

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

Tanmoy Dasmahapatra
Partner
Membership no.: 058259

Place: Kolkata
Date: 29 April, 2022

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

Anjali
Company Secretary
Chandigarh

Date: 29 April, 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2022

A. Equity Share Capital

(Amount in ₹ lakhs)

Particulars	Number of Shares	Amount
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**
For the year ended 31 March 2021		
Equity shares of ₹ 10 each issued, subscribed and fully paid At 1 April 2020	**37962800**	**3796.28**
Changes in Equity Share Capital due to prior period errors	–	–
Restated balance at 1 April 2020	**37962800**	**3796.28**
Changes in Equity Share Capital during the year	–	–
At 31 March 2021	**37962800**	**3796.28**

B. Other Equity

(Amount in ₹ lakhs)

For the year ended 31 March 2022

Particulars	Reserves and Surplus 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 current year	**4303.93**
Interim dividend paid	(3037.02)
At 31 March 2022	**6457.05**

For the year ended 31 March 2021

Particulars	Reserves and Surplus Retained Earnings
As at 1 April 2020	**3972.31**
Changes in accounting policy or prior period errors	-
Restated balance as at 1 April 2020	**3972.31**
Profit for the period	7291.95
Other Comprehensive income/(loss) (net of tax)	(0.07)
Total comprehensive income for the previous year	**7291.88**
Interim dividend paid	(6074.05)
At 31 March 2021	**5190.14**

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

Tanmoy Dasmahapatra
Partner
Membership no.: 058259

Place: Kolkata
Date: 29 April, 2022

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
Chairman
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Soundararadjane S
Chief Executive Officer
Chandigarh

Sanjeev Madan
Chief Financial Officer
Chandigarh

Anjali
Company Secretary
Chandigarh

Date: 29 April, 2022

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022

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 price specified in the contract with customers, 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 recognized 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. 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 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 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 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.

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

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.

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 - 43)

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, 2022 (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 2020	151.93	275.20	980.26	4.24	23.35	1.54	53.69	55.91	1546.12
Additions	–	–	261.83	2.97	–	0.18	12.20	14.08	291.26
Disposals	–	–	(10.44)	–	–	–	–	(7.64)	(18.08)
At 31 March 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**
Accumulated Depreciation									
At 1 April 2020	–	62.60	356.75	3.16	20.89	0.98	32.11	35.91	512.40
Charge for the year	–	12.52	103.45	0.10	–	0.10	9.25	7.78	133.20
Disposals	–	–	(4.84)	–	–	–	–	(6.84)	(11.68)
At 31 March 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**
Net carrying amount									
At 31 March 2021	**151.93**	**200.08**	**776.29**	**3.95**	**2.46**	**0.64**	**24.53**	**25.50**	**1185.38**
At 31 March 2022	**149.13**	**166.08**	**1068.23**	**3.62**	**2.46**	**8.30**	**47.22**	**51.28**	**1496.32**
Capital work-in-progress									
At 31 March 2021	–	–	–	–	–	–	–	–	**5.67**
At 31 March 2022	–	–	–	–	–	–	–	–	**108.92**

Note :

1. Freehold Land amounting to ₹ Nil (Previous Year ₹ 3.28 lakhs) 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 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**
As at 31 March 2021					
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	5.67	–	–	–	5.67
Projects temporarily suspended	–	–	–	–	–
Total	**5.67**	–	–	–	**5.67**

3.2 Intangible assets

(Amount in ₹ lakhs)

Particulars	Technical know how*	Computer software	Trademarks	Total
Gross carrying amount				
At 1 April 2020	–	15.38	0.50	15.88
Additions	–	2.77	–	2.77
At 31 March 2021	–	18.15	0.50	18.65
Additions	–	3.36	–	3.36
At 31 March 2022	–	21.51	0.50	22.01
Accumulated amortization				
At 1 April 2020	–	13.23	0.20	13.43
Charge for the year	–	1.15	0.05	1.20
At 31 March 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
Net carrying amount				
At 31 March 2021	–	3.77	0.25	4.02
At 31 March 2022	–	5.68	0.20	5.88

* 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

3.3 Right-of-use assets **(Amount in ₹ lakhs)**

Particulars	Land	Building	Total
Gross carrying amount			
At 1 April 2020	18.63	201.49	220.12
Additions	0.12	1.46	1.58
Disposals	–	–	–
At 31 March 2021	**18.75**	**202.95**	**221.70**
Additions	–	–	–
Disposals	(18.75)	–	(18.75)
At 31 March 2022	**–**	**202.95**	**202.95**
Accumulated amortization			
At 1 April 2020	8.60	22.60	31.20
Charge for the year	8.33	22.74	31.07
Disposals	–	–	–
At 31 March 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**
Net carrying amount			
At 31 March 2021	**1.82**	**157.61**	**159.43**
At 31 March 2022	**–**	**134.86**	**134.86**

4. Biological assets other than bearer plants (Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening value of biological assets	**10796.32**	8393.42
Biological assets acquired during the year	**311.42**	547.76
Cost Incurred during the year	**10918.03**	11078.76
Changes in fair value*	**6901.34**	11006.27
Biological assets sold during the year	**(17736.64)**	(19259.27)
Harvested potatoes transferred to inventories and sold during the year	**(82.25)**	(493.11)
Harvested potatoes transferred to inventories	**(415.89)**	(477.51)
Closing value of biological assets	**10692.33**	10796.32

* Represents aggregate gain/(loss) arising on account of change in fair value less costs to sell during the year.

As at 31 March 2022, the Company had 12656494 Nos. TECHNITUBER® Seed Potatoes (31 March 2021 - 10044470 Nos.).

As at 31 March 2022, there were 77968 MT of field generated seed potatoes (31 March 2021 - 84802 MT). During the year, output of agricultural produce (potatoes) is 7470 MT (31 March 2021 - 10748 MT).

In October 2021 - 17168 MT (October 2020 - 14464 MT) of seed potatoes were planted and in February/March 2022 - 85093 MT (February/March 2021 - 92766 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 2022 ₹ 191.61 lakhs (31 March 2021- ₹ 16.35 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 Generation 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, 2022 (Contd.)

5. Current investments

(Amount in ₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Investment in mutual funds (measured at fair value through profit or loss)		
Unquoted		
Nippon India Liquid Fund 28,901 (2021- Nil) Units of ₹ 1000.00 each	1505.18	–
Axis Liquid Fund 58,539 (2021- Nil) Units of ₹ 1000.00 each	1383.92	–
Aditya Birla Sun Life Liquid Fund 110,791 (2021- Nil) Units of ₹ 100.00 each	380.15	–
Kotak Liquid Fund 8,163 (2021- Nil) 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 2022	As at 31 March 2021
Non-Current		
Security deposits	11.78	11.03
Total	11.78	11.03
Current		
Interest accrued on fixed deposits	51.79	130.34
Other receivables*	3.77	7.05
Total	55.56	137.39

*Others comprise receivables on account of claims etc.

7. Deferred tax assets/(liabilities) (net)

(Amount in ₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax assets	7.37	6.10
Deferred tax liabilities	(2.48)	–
Total	4.89	6.10

Movement in deferred tax assets/(liabilities) balances

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:				
Unabsorbed business loss	–	–	–	–
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**

FY 2020-21

(Amount in ₹ lakhs)

Particulars	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
Deferred tax assets in relation to:				
Unabsorbed business loss	428.52	(428.52)	–	–
Others	3.45	2.65	–	6.10
Total Deferred tax assets (I)	**431.97**	**(425.87)**	–	**6.10**
Deferred tax liabilities in relation to :				
Gain on financial assets designated at FVTPL	0.04	(0.04)	–	–
Remeasurements of net defined benefit liability	–	–	–	–
Total Deferred tax liabilities (II)	**0.04**	**(0.04)**	–	–
Deferred tax assets/(liabilities) (net) (II - I)	**431.93**	**(425.83)**	–	**6.10**

8. Other assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
Capital Advances	26.96	19.36
Unsecured considered good		
- Prepaid expenses	2.03	3.78
- Security deposits	9.73	10.63
Total	38.72	33.77
Current		
Unsecured considered good		
- Advances to suppliers	9.80	23.49
- Advances to employees	0.79	1.18
- Prepaid expenses	53.48	53.19
- Balance with government authorities	55.04	77.67
Unsecured considered doubtful		
- Advances to suppliers	–	3.28
- Provision for doubtful advances	–	(3.28)
Total	119.11	155.53

9. Inventories

(Amount in ₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Inventories (valued at lower of cost and net realisable value)		
Raw materials and components (Refer Note 23)	282.07	194.94
Finished goods (Agricultural Produce)*	415.89	477.51
Traded goods	2603.32	3031.21
Stores & Spares	23.37	20.17
Total	3324.65	3723.83

* Agricultural produce has been valued at fair value less cost to sell at the time of harvest and written down by ₹ 354.08 lakhs (31 March 2021 ₹ 495.07 lakhs) to arrive at fair value less cost to sell.

10. Trade receivables

(Amount in ₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Current		
Unsecured, considered good (Refer Note 40,42)	543.40	345.94
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	543.40	345.94

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

Trade receivables Ageing Schedule (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 (A)	**542.43**	**0.97**	–	–	**1.40**	**544.80**
Less : Allowance for Trade Receivables						
Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–
Disputed Trade receivables – which have significant increase in credit risk	–	–	–	–	–	–
Undisputed Trade receivable – credit impaired	–	–	–	–	–	–
Disputed Trade receivables – credit impaired	–	–	–	–	1.40	1.40
Total (B)	–	–	–	–	**1.40**	**1.40**
Net (A-B)	**542.43**	**0.97**	–	–	–	**543.40**

(Amount in ₹ lakhs)

As at 31 March 2021						
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	261.03	84.91	–	–	–	345.94
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	**261.03**	**84.91**	–	**1.40**	–	**347.34**
Less : Allowance for Trade Receivables						
Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–
Disputed Trade receivables – which have significant increase in credit risk	–	–	–	–	–	–
Undisputed Trade receivable – credit impaired	–	–	–	–	–	–
Disputed Trade receivables – credit impaired	–	–	–	**1.40**	–	**1.40**
Total (B)	–	–	–	**1.40**	–	**1.40**
Net (A-B)	**261.03**	**84.91**	–	–	–	**345.94**

11. Cash and cash equivalents (Amount in ₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Balances with Banks		
- In current account	341.68	6.21
(b) Cash on hand *	0.05	0.00
Total	341.73	6.21

* Amount is below the rounding off norm adopted by the Company.

12. Other bank balances (Amount in ₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
In deposit accounts*	2433.00	5387.00
Total	2433.00	5387.00

*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 2020	40000000	4000.00
Increase during the year	–	–
As at 31 March 2021	40000000	4000.00
Increase during the year	–	–
As at 31 March 2022	**40000000**	**4000.00**
Issued, subscribed and fully paid-up		
As at 1 April 2020	37962800	3796.28
Increase during the year	–	–
As at 31 March 2021	37962800	3796.28
Increase during the year	–	–
As at 31 March 2022	**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 2020	37962800	3796.28
Shares issued/(bought back) during the year	–	–
Balance at 31 March 2021	37962800	3796.28
Shares issued/(bought back) during the year	–	–
Balance at 31 March 2022	**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 2022		
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 2021		
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, 2022 (Contd.)

13.4 Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31 March 2022		As at 31 March 2021	
	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 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	0	37962800	100%	–

As at 31 March 2021						
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 2022	For the year ended 31 March 2021
Balance at beginning of year	5190.14	3972.31
Add : Profit for the year	4303.94	7291.95
Add : Other comprehensive income/(loss) arising from remeasurement of net defined benefit obligation (net of income tax)	(0.01)	(0.07)
Less : Payment of interim dividend	(3037.02)	(6074.05)
Balance at end of year	6457.05	5190.14

15. Provisions (Amount in ₹ lakhs)

Particulars	Non-Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits (refer note 36)				
Provision for gratuity	26.75	26.76	–	–
Provision for leave benefits	–	–	71.22	57.83
Total	26.75	26.76	71.22	57.83

16. Current borrowings (Amount in ₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Secured		
Short term loan from bank	–	387.54
Total	–	387.54

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.

17. Trade payables (Amount in ₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
- Dues to micro enterprises and small enterprises	3.63	2.64
- Dues to creditors other than micro enterprises and small enterprises	5911.64	7827.84
Total	5915.27	7830.48

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, 2022 (Contd.)

Trade payables Ageing Schedule

(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**

(Amount in ₹ lakhs)

As at 31 March 2021							
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	2.64	–	–	–	–	–	2.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	3785.70	1939.55	2080.69	19.60	0.56	1.74	7827.84
Disputed dues of micro enterprises and small enterprises	–	–	–	–	–	–	–
Disputed dues of creditors other than micro enterprises and small enterprises	–	–	–	–	–	–	–
Total	**3788.34**	**1939.55**	**2080.69**	**19.60**	**0.56**	**1.74**	**7830.48**

18. Other financial liabilities

(Amount in ₹ lakhs)

Particulars	Non-Current As at 31 March 2022	Non-Current As at 31 March 2021	Current As at 31 March 2022	Current As at 31 March 2021
Employee related payables	–	–	342.65	315.48
Deposit from dealers	–	–	1.70	1.70
Payable for fixed asset	–	–	12.30	1.41
Payable to holding company (Refer Note 42)	34.57	34.04	56.49	52.67
Total	34.57	34.04	413.14	371.26

19. Contract liabilities

(Amount in ₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Contract liabilities	2931.55	1526.39
Total	2931.55	1526.39

Note : Out of balance as on 31 March 2021, ₹ 1476.54 lakhs (previous year ₹ 832.15 lakhs) was recognised as revenue during the year.

20. Other current liabilities

(Amount in ₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory dues including provident fund and tax deducted at source	356.40	499.72
Total	356.40	499.72

21. Revenue from operations

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products		
Biological assets	17736.64	19259.27
Agricultural Produce	596.64	1029.93
Traded Goods	7089.40	8167.03
	25422.68	28456.23
Other operating revenues		
Sale of old empty bags	175.50	154.10
Others*	68.71	98.29
	244.21	252.39
Total	25666.89	28708.62

* Others comprise incentives from suppliers, incentive from farmer funding by bank etc.

Notes :

1) 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.

2) 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.

22. Other income

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income on Bank Deposits and Others	278.91	280.47
Lease rental income [Refer Note 35(ii)]	123.34	113.42
Provisions/Liabilities written back to the extent no longer required	3.28	50.00
Exchange differences (net)	0.33	1.25
Gain on sale of current investments	20.29	74.08
Gain on fair value measurement of investments	9.84	–
Total	435.99	519.22

23. Cost of raw material and components consumed

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Inventory at the beginning of the year	194.94	183.91
Add: purchases	1478.86	1196.95
	1673.80	1380.86
Less: inventory at the end of the year	282.07	194.94
Cost of raw material and components consumed	1391.73	1185.92

Details of raw material and components consumed

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Plantlets	19.17	16.60
Chemicals and fertilizers	137.10	99.71
Packing stores	1235.46	1069.61
Total	1391.73	1185.92

Details of inventory

(Amount in ₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Raw materials and components		
Chemicals and fertilizers	39.41	22.28
Packing stores	242.66	172.66
Total	282.07	194.94

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

24. Purchases of stock-in-trade and biological assets

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Biological assets		
- Field generated seed potatoes	53.51	393.73
- Banana Tissue Culture Plantlets	257.91	154.03
Stock-in-trade		
- Potatoes	5468.37	7522.31
- Onions	11.36	102.64
Total	5791.15	8172.71

25. Changes in inventories of finished goods, stock-in- trade and biological assets

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Finished goods - Traded goods		
Inventories at the end of the year	2603.32	3031.21
Inventories at the beginning of the year	3031.21	1998.38
(Increase)/Decrease (a)	427.89	(1032.83)
Finished Goods - Agricultural Produce		
Inventories at the end of the year	415.89	477.51
Inventories at the beginning of the year	477.51	414.31
(Increase)/Decrease (b)	61.62	(63.20)
Biological assets		
Inventories at the end of the year	10692.33	10796.32
Inventories at the beginning of the year	10796.32	8393.42
(Increase)/Decrease (c)	103.99	(2402.90)
Total Changes in inventories of finished goods, stock-in- trade and biological assets (a+b+c)	593.50	(3498.93)

26. Employee benefits expense

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and wages	1427.69	1472.32
Contribution to provident and other funds (Refer Note 36)	53.67	45.22
Share-based payments to employees (Refer Note 37)	17.16	53.37
Staff welfare expenses	41.61	27.42
Total	1540.13	1598.33

27. Finance costs

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expense :		
- On financial liabilities measured at amortised cost	6.25	0.72
Interest on lease liabilities (Refer Note 35)	14.39	15.97
Total	20.64	16.69

28. Depreciation and amortisation expense

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of property, plant and equipment (Refer Note 3.1)	181.70	133.20
Amortisation of intangible assets (Refer Note 3.2)	1.50	1.20
Depreciation of Right-of-use assets (Refer Note 3.3,35)	24.57	31.07
Total	207.77	165.47

29. Other expenses

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Consumption of stores and spares	23.02	8.91
Farming Charges	4475.64	6437.83
Power and fuel	182.34	134.49
Freight and forwarding charges	1979.18	1632.30
Lease rent [Refer Note 35(i)]		
- Agricultural land	1055.31	1147.69
- Office and Others	39.94	39.02
Storage and handling cost	2914.80	2365.38
Rates and taxes	4.05	4.67
Insurance	76.73	76.77
Repairs and maintenance		
- Plant and machinery	56.28	42.91
- Buildings	5.30	0.84
- Others	44.22	35.83
Advertising and sales promotion	5.64	13.14
Sales commission	21.31	6.83
Travelling and conveyance	153.17	94.26
Telephone, postage and telegram expenses	18.12	14.45
Printing and stationery	6.58	6.36
Legal and professional fees	132.02	63.77
Payment to auditors including taxes (Refer Note 29.1 below)	11.80	11.36
Expenditure towards corporate social responsibility (CSR) (Refer Note 32)	92.38	16.50
Loss on sale of plant and equipment (net)	17.80	0.14
Miscellaneous expenses	160.39	112.11
Total	11476.02	12265.56

29.1. Payment to auditors including taxes

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
As Auditor:		
Audit fee	9.44	9.44
Tax audit fee	1.77	1.77
In other capacities		
Re-imbursement of expenses	0.59	0.15
Total	11.80	11.36

30. Income taxes

30.1 Tax expenses recognised in Statement of Profit and Loss

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax		
In respect of the current year (Refer Note 34)	776.80	1583.05
In respect of the prior year (Refer Note 34)	–	21.25
Total (a)	776.80	1604.30
Deferred tax		
In respect of the current year (Refer Note 34)	1.20	425.84
Total (b)	1.20	425.84
Grand Total (a+b)	778.00	2030.14

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

30.2 Tax expenses recognised in Other comprehensive income

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 2022	For the year ended 31 March 2021
Profit before tax	**5081.94**	9322.09
Income Tax expense calculated at 25.168%	**1279.02**	2346.18
Effects of :		
- Agricultural income - exempt from Income tax in determining taxable profit	**(526.44)**	(302.43)
- Adjustments for current tax of prior periods	**–**	21.25
- Others	**25.42**	(34.86)
Income Tax expenses recognised in Statement of Profit and Loss	**778.00**	2030.14

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.

31. Earnings per share (EPS) (Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit after tax	**4303.94**	7291.95
Net profit for calculation of basic EPS	**4303.94**	7291.95
Net profit as above	**4303.94**	7291.95
Net profit for calculation of diluted EPS	**4303.94**	7291.95
	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)]	11.34	19.21
Diluted [Nominal value of shares ₹10 (Previous Year : ₹10)]	11.34	19.21

32. CSR Expenditure

(₹ in lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(a)	Gross amount required to be spent by the Company during the year	**89.44**	16.32
(b)	Amount approved by the Board to be spent during the year	**92.38**	16.50
(c)	Amount spent during the year on:		
	(i) Construction/acquisition of any asset	**–**	–
	(ii) On purposes other than (i) above	**92.38**	16.50
	Yet to be paid in cash	**–**	–
(d)	Details related to spent:		
	(i) Rural Development Project	**92.38**	–
	(ii) Rejuvenation of river Ganga	**–**	16.50

33. Estimated amount of contracts remaining to be executed on capital account and not provided for:

(₹ in lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Capital Commitment	**403.25**	58.00

34. During the year, the Company has reviewed its outstanding legal disputes and considering recent Courts / Tribunals decisions, have made appropriate provisions for the same.

35. 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, 2022	For the year ended March 31, 2021
Depreciation charge for right-of-use assets		
- Land	**1.82**	8.33
- Building	**22.75**	22.74
Interest expense on lease liabilities	**14.39**	15.97
Expense relating to short-term leases		
- Agriculture Land	**148.99**	123.44
- Office and others	**39.94**	39.02
Expense relating to variable lease payments		
- Agriculture Land	**906.32**	1024.25
Carrying amount of right-of-use assets		
- Land	**–**	1.82
- Building	**134.86**	157.61
Lease liabilities	**163.99**	183.51

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.

36. 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, 2022 (Contd.)

The following tables sets out the Defined Benefits Plan as per Actuarial Valuation as on 31 March 2022 and 31 March 2021 and recognised in the financial statements in respect of Employee Benefit Scheme.

(₹ in Lakhs)

		Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
I	**Components of Employer Expense**			
	(A) Recognised in Statement of Profit and Loss			
	1	Current Service Cost	**12.50**	11.85
	2	Past Service Cost	–	–
	3	Net Interest Cost	**1.04**	0.98
	4	**Total expense recognised in the Statement of Profit and Loss**	**13.54**	12.83
	(B)	**Re-measurements recognised in Other Comprehensive Income**		
	5	(Return) on plan assets (excluding amounts included in Net interest cost)	**(1.08)**	(0.02)
	6	Effect of changes in demographic assumptions	**1.44**	–
	7	Effect of changes in financial assumptions	**(4.60)**	–
	8	Changes in asset ceiling (excluding interest income)	–	–
	9	Effect of experience adjustments	**4.25**	0.09
	10	**Total re-measurements included in OCI**	**0.01**	0.07
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income (4+10)**	**13.55**	12.90

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 26. The remeasurement of the net defined benefit liability are included in Other Comprehensive Income.

(₹ in Lakhs)

		Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
II	Actual Returns		**6.57**	4.53
III	**Net (Asset/Liability recognised in Balance Sheet)**			
	1	Present Value of Defined Benefit Obligation	**124.28**	104.78
	2	Fair Value of Plan Assets	**97.53**	78.02
	3	Status [(Surplus/Deficit)]	**26.75**	26.76

			As at 31 March 2022		As at 31 March 2021	
			Current	Non-Current	Current	Non-Current
	4	Net (Asset)/Liability recognised in Balance Sheet	–	**26.75**	–	26.76

(₹ in Lakhs)

		Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
IV	**Change in Defined Benefit Obligation (DBO)**			
	1	Present Value of DBO at the beginning of the year.	**104.78**	88.41
	2	Current Service Cost	**12.50**	11.85
	3	Past Service Cost	–	–
	4	Interest Cost	**6.53**	5.49
	5	Re-measurement gains/(losses):		
		Effect of changes in demographic assumptions.	**1.44**	–
		Effect of changes in financial assumptions.	**(4.60)**	–
		Effect of experience adjustments.	**4.25**	0.09
	6	Benefits Paid	**(0.62)**	(1.06)
	7	**Present Value of DBO at the end of the year.**	**124.28**	104.78

		Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
V	**Change in Fair Value of Assets**			
	1	Plan Assets at the beginning of the year	**78.02**	66.30
	2	Return on Plan Assets	**5.48**	4.51
	3	Re-measurement of Gains/(Losses) on plan assets	**1.08**	0.02
	4	Actual Company Contributions	**13.57**	8.25
	5	Benefits paid	**(0.62)**	(1.06)
	6	Plan Assets at the end of the year	**97.53**	78.02

		Particulars	As at 31 March 2022	As at 31 March 2021
VI	**Actuarial Assumptions**			
	1	Discount Rate (%)	**6.75**	6.25
	2	Expected Return on plan Assets (%)	**6.75**	6.25
	3	Attrition Rate	**7.50**	8.00
	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 2022	31 March 2021
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 2022	For the year ended 31 March 2021
IX	**Net Asset/Liability recognised in Balance sheet (Including Experience adjustment impact)**			
	1	Present Value of Defined Benefits Obligations	**124.28**	104.78
	2	Fair Value of Plan Assets	**97.53**	78.02
	3	Status [(Surplus)/Deficit]	**26.75**	26.76
	4	Experience Adjustment of Plan Assets [Gain/ (loss)]	**1.08**	0.02
	5	Experience Adjustment of Obligation [Gain/ (loss)]	**4.25**	0.09

X Details of expected cash flows for following years is given below:

(₹ in Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
1	Expected employer contributions next year	**14.19**	13.50
2	Expected benefits payment		
	Year 1	**6.26**	6.50
	Year 2	**19.54**	5.48
	Year 3	**12.00**	16.04
	Year 4	**10.57**	8.90
	Year 5	**7.42**	8.61
	Next 5 years	**37.73**	29.67

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (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 2022	DBO as at 31 March 2021
1	Discount Rate + 100 basis points	115.46	97.02
2	Discount Rate - 100 basis points	134.37	113.67
3	Attrition Rate +1%	121.71	102.25
4	Attrition Rate -1%	127.18	107.64
5	Long term rate of Compensation Increase Rate +1%	132.22	112.04
6	Long term rate of Compensation Increase Rate -1%	116.81	98.11

Amount towards defined contribution plans have been recognised under 'Contribution to provident and other fund' in Note 26 - ₹ 40.13 lakhs (2021: ₹ 32.39 lakhs)..

XII. Weighted Average Duration of Defined Benefit Obligations

The weighted average duration of defined benefit obligation is 8 years (2021: 8 years).

37. 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 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.

In accordance with Ind AS 102, an amount of ₹ 8.66 lakhs (2021 - ₹ 23.39 lakhs) towards ITC ESOS and ₹ 8.50 lakhs (2021 - ₹ 29.98 lakhs) towards ITC ESAR has been recognized as employee benefits expense (Refer Note 26). Such charge has been recognised as employee benefits expense with corresponding credit to current / non – current financial liabilities, as applicable. Out of the above ₹ 7.35 lakhs (2021- ₹ 33.73 lakhs) is attributable to key management personnel [Mr. Sachidanand S. Madan ₹NIL (2021 - ₹ 31.37 lakhs), Mr. Soundararadjane S. ₹ 7.35 lakhs (2021 - ₹1.26 lakhs), Mr. Sanjeev Madan ₹ NIL (2021 - ₹ 1.10 lakhs)]

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

Particulars *	As at 31 March 2022	As at 31 March 2021
	No. of Options	No. of Options
Outstanding at the beginning of the year	68,790	138,397
Add: Granted during the year @	5,750	1,800
Less: Lapsed/Expired during the year	11,717	6,960
Less: Movement due to transfer of employees within the group	–	62,947
Less: Exercised during the year	3,625	1,500
Outstanding at the end of the year	59,198	68,790
Options exercisable at the end of the year	52,118	66,990

* 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 3,800 (2021 – 1,800) number of options granted to Key Management Personnel of the Company.

38. 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 when 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	31st March 2022	31st March 2021
Equity shares Interim dividend for the year ended 31 March 2022 of ₹ 8 per fully paid share (31 March 2021 of ₹ 16/- per fully paid share)	3037.02	6074.05

39. Categories of Financial Instrument

(₹ in lakhs)

Particulars	As at 31 March 2022		As at 31 March 2021	
	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	2774.73	2774.73	5393.21	5393.21
Trade Receivables	543.40	543.40	345.94	345.94
Other Financial Assets	67.34	67.34	148.42	148.42
B. Financial Liabilities				
Measured at amortised cost				
Borrowings	–	–	387.54	387.54
Trade Payables	5915.27	5915.27	7830.48	7830.48
Other Financial Liabilities	447.71	447.71	405.30	405.30
Lease Liabilities	163.99	163.99	183.51	183.51

40. 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 arises 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 amortised cost. The borrowings of the Company at the end of the reporting period are ₹ Nil (2021: ₹ 387.54 lakhs).

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 2022 is ₹ 3620.51 Lakhs (31 March 2021 - ₹ Nil 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 ₹ 2433.00 lakhs (2021 – ₹ 5387.00 lakhs), which does not exposure 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 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**
Borrowings	–	–	–	–	–	–
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**

(₹ in lakhs)

As at 31 March 2021						
			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**
Borrowings	387.54	387.54	–	–	–	387.54
Trade Payables	7830.48	6091.71	1327.00	411.77	–	7830.48
Other Financial Liabilities	405.30	80.35	105.45	185.46	34.04	405.30
Lease Liability	183.51	11.46	7.44	15.01	209.99	243.90
Total	**8806.83**	**6571.06**	**1439.89**	**612.24**	**244.03**	**8867.22**

* 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 operate 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, 2022 (Contd.)

Movement in the provisions for impairment of trade receivables is as follows:

(₹ in lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance at the beginning of the year	**1.40**	185.11
Provided during the year	–	–
Adjusted during the year	–	183.71
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.

41. 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 2022	31 March 2021
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 financial assets and other financial liabilities is considered to be equal to the carrying amounts of these items due to their short – term nature.

42. 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

(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
Mr. Soundararadjane S.	:	Chief Executive Officer
Mr. Sanjeev Madan	:	Chief Financial Officer
Mr. Debanjan Sarkar	:	Company Secretary (Till 31st December, 2021)
Ms. Anjali	:	Company Secretary (w.e.f 1st January, 2022)

(d) Details of transactions carried out during the financial year ended 31 March, 2022 with related parties in the ordinary course of business:

(₹ in lakhs)

Particulars	Holding Company (ITC Limited)		Entities under Common Control		KMP	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Sale of products						
- ITC Limited	**5135.06**	5588.46	–	–	–	–
- Technico Pty Limited	–	–	**30.76**	12.77	–	–
Lease rental income	**123.34**	113.42	–	–	–	–
Remuneration of managers on deputation reimbursed #	**456.12**	506.98	–	–	–	–
Value of Share based payment						
- Reimbursement	**17.16**	53.37	–	–	–	–
Interim Dividend	**3037.02**	6074.05	–	–	–	–
Purchase of services						
- ITC Limited	**33.76**	6.25	–	–	–	–
- ITC Infotech India Limited	–	–	**14.02**	14.02	–	–
- Mr. Sachidanand S. Madan	–	–	–	–	**96.00**	22.55
Expenses reimbursed						
- ITC Limited	**19.78**	28.29	–	–	–	–
- Technico Pty Limited	–	–	**1.40**	0.84	–	–
Expenses recovered						
- Technico Pty Limited	–	–	**2.74**	1.61	–	–
Remuneration paid**						
- Mr. Sachidanand S. Madan	–	–	–	–	–	188.71
- Mr Soundararadjane S	–	–	–	–	**169.89**	116.05
- Other KMP	–	–	–	–	**76.74**	60.84

Reimbursement of managers on deputation includes remuneration paid to Mr. Sachidanand S. Madan (Whole time Director & Company Secretary till 27 Nov, 2020) and Mr Soundararadjane S (CEO) disclosed separately.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

(e) Details of balances with the related parties :

(₹ in lakhs)

Particulars	Holding Company (ITC Limited)		Entities under Common Control	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
Trade receivables	**390.24**	339.52	**–**	–
Other payables	**91.06**	86.71	**–**	–

****Compensation of key managerial personnel**

(₹ in lakhs)

The remuneration of directors and other members of key managerial personnel #	**For the year ended 31 March 2022**	For the year ended 31 March 2021
Short term benefits	**246.63**	365.60

\# Post-employment benefits and other long term employee benefits are actuarially determined on overall basis and hence not separately provided. Also refer note 37 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.

43. 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 2022**	For the year ended 31 March 2021
Segment Revenue:		
- Seed (Biological assets and Agricultural Produce)	**18333.28**	20289.20
- Fruits and Vegetables (Traded goods)	**7089.40**	8167.03
Gross Revenue from sale of products	**25422.68**	28456.23
Segment Results:		
- Seed	**5411.25**	8610.44
- Fruits and Vegetables	**(739.62)**	260.68
Segment Total	**4671.63**	8871.12
Unallocated Income	**123.34**	113.42
Profit before Interest etc. and taxation	**4794.97**	8984.54
Finance Costs	**(20.64)**	(16.69)
Gain on sale of current investments, interest earned on bank deposits, gain on fair value measurement of investments etc.	**307.61**	354.24
Profit before tax	**5081.94**	9322.09
Tax expenses	**(778.00)**	(2030.14)
Profit for the year	**4303.94**	7291.95

B. Segment Assets and Liabilities:

(₹ in lakhs)

Particulars	**As at 31 March 2022**		As at 31 March 2021	
	Assets	**Liabilities**	Assets	Liabilities
Seed	**13466.36**	**8428.79**	13038.35	7622.96
Fruits and Vegetables	**3013.76**	**1127.70**	3389.98	2414.55
Segment Total	**16480.12**	**9556.49**	16428.33	10037.51
Unallocated Assets and Liabilities	**6451.54**	**3121.84**	5529.29	2933.69
Total	**22931.66**	**12678.33**	21957.62	12971.20

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 2022**	For the year ended 31 March 2021
(a)	Revenue from domestic market	**25391.92**	28443.46
(b)	Revenue from overseas market	**30.76**	12.77
	Total	**25422.68**	28456.23

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

D. Depreciation and Amortization :

(₹ in lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Seed	206.49	164.19
Fruits and Vegetables	1.28	1.28
Total	207.77	165.47

Includes depreciation of Right of use assets (refer note 3.3, 35)

E. Non Cash expenditure other than depreciation and amortization : (₹ in lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Seed	–	–
Fruits and Vegetables	–	–
Total	–	–

44. 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.
- 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, trade receivables, 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.

45. Ratio Analysis:

Ratio	Numerator	Denominator	Type	31 March 2022	31 March 2021	% change	Reason
Current ratio	Current Assets	Current Liabilities	Times	1.69	1.61	5	
Debt- Equity Ratio	Debt	Equity	Times	–	0.04	(100)	a
Debt Service Coverage ratio	Earnings for debt service	Debt service	Times	–	208.37	(100)	a
Return on Equity ratio	Net Profits after taxes	Average Shareholder's Equity	%	44.74	87.04	(42)	b
Inventory Turnover ratio	Sales	Average Inventory	Times	1.78	2.23	(20)	
Trade Receivable Turnover Ratio	Sales	Average Trade Receivable	Times	57.17	140.07	(59)	c
Trade Payable Turnover Ratio	Sales	Average Trade Payables	Times	3.70	4.30	(14)	
Net Capital Turnover Ratio	Sales	Working capital	Times	2.94	3.65	(19)	
Net Profit ratio	Net Profit	Sales	%	16.93	25.62	(9)	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed	%	49.77	99.62	(50)	b
Return on Investment	Income from Investment	Average Investment*	%	3.28	2.79	0.49	
*Average Investment (All time weighted basis)							
Reason of variance for more than 25%							
a) No borrowings as at 31 March 2022.							
b) Higher profits in previous year due to higher realization on sale of seed potatoes.							
c) Higher trade receivables as at 31 March 2022 in comparison with previous year.							

46. The financial statement for the year ended 31 March 2022 are adopted and authorized for issue by Board of Directors on 29 April, 2022.

For SRBC & Co LLP
Firm registration number: 324982E/E300003
Chartered Accountants

Tanmoy Dasmahapatra
Partner
Membership no.: 058259

Place: Kolkata
Date: 29 April, 2022

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

Anjali
Company Secretary
Chandigarh

Date: 29 April, 2022

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2022

The directors submit their report for the financial year ended 31 March, 2022.

Directors

The names of the directors in office at any time during or since the end of the year are:

Mr Surampudi Sivakumar
Mr David Charles McDonald
Mr Allan Hendry
Mr Sachidanand Madan
Mr Dharmarajan Ashok

All the directors have been in office since the start of the financial year until the date of this report.

Corporate information

Technico Pty Limited 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 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 Horticultural (Kunming) Co. Limited, China (wholly owned subsidiary of Technico Asia Holdings Pty Limited, a 100% subsidiary of the Company); and
- Technico Technologies Inc., Canada (100% subsidiary of TPL)

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 ("TASL").

For the year under review, your company has reported revenues from sale of goods of A$1,856,826 (2021: A$2,085,050) and earned a net profit after tax of A$909,425 (2021: A$793,203). Net Profit for the year is higher largely owing to lower forex translation loss of $234,663 (CY Loss of $81,211 vs LY loss of $315,874), offset by lower sales and margins vs last year.

No dividends have been paid or declared during the financial 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.

Impact of 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 trade receivables, investment 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 economic forecasts and market value of certain investments. The Company has also performed sensitivity analysis on the assumptions used, and based on current estimates, does not expect any significant impact on such carrying values. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements.

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.

Future developments and results

Further development of the TECHNITUBER® Technology is being pursued

Environmental regulation and performance

The company is not subject to any particular or significant environmental regulation.

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 Technico Pty Limited.

Auditor independence

The auditor's independence declaration in accordance with applicable code of professional conduct, for the year ended 31 March, 2022 has been received and is included in the financial report.

Signed in accordance with a resolution of the Board of Directors:

David Charles McDonald
Director
Place: Sydney, Australia
Date: 29th April, 2022

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH, 2022

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, 2022 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:

David Charles McDonald
Director
Place: Sydney, Australia
Date: 29th April, 2022

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, 2022 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 29th day of April 2022

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, 2022 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, 2022 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, 2022, 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 29th day of April 2022

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March, 2022

		2022		2021	
	Notes	**$**	**₹**	$	₹
Sale of goods	2(a)	**18,56,826**	**10,43,95,400**	20,85,050	10,61,05,692
Cost of sales		**(7,35,700)**	**(4,13,62,893)**	(8,70,705)	(4,43,09,133)
Gross Profit		**11,21,126**	**6,30,32,507**	12,14,345	6,17,96,560
Other revenue	2(a)	**1,04,048**	**58,49,839**	1,15,222	58,63,509
Other income	2(a)	**51,021**	**28,68,505**	56,927	28,96,945
Research and development expenses		**(11,469)**	**(6,44,816)**	(25,706)	(13,08,147)
Occupancy expenses		**(3,891)**	**(2,18,762)**	(3,273)	(1,66,559)
Administrative expenses	2(d)	**(2,90,590)**	**(1,63,37,715)**	(4,94,301)	(2,51,54,409)
Profit before income tax expense		**9,70,244**	**5,45,49,557**	8,63,214	4,39,27,899
Income tax expense	3	**(60,819)**	**(34,19,403)**	(70,011)	(35,62,776)
Total Comprehensive income for the year		**9,09,425**	**5,11,30,154**	7,93,203	4,03,65,123

STATEMENT OF FINANCIAL POSITION AS AT THE 31 MARCH, 2022

	Notes	2022 $	2022 ₹	2021 $	2021 ₹
CURRENT ASSETS					
Cash and cash equivalents	4	80,43,714	45,64,20,442	71,86,390	40,02,99,889
Trade and other receivables	5	17,04,098	9,66,94,781	9,37,715	5,22,33,070
Other assets	6	21,104	11,97,494	25,202	14,03,814
Total Current Assets		97,68,916	55,43,12,716	81,49,307	45,39,36,773
NON-CURRENT ASSETS					
Other financial assets	7	9,69,736	5,50,25,245	9,69,736	5,40,16,720
Intangible assets	8	16,751	9,50,494	19,736	10,99,345
Total non-current assets		9,86,487	5,59,75,739	9,89,472	5,51,16,064
Total assets		1,07,55,403	61,02,88,455	91,38,779	50,90,52,837
CURRENT LIABILITIES					
Trade and other payables	9	10,77,478	6,11,38,764	3,63,919	2,02,71,194
Current tax liabilities	3	3,313	1,87,988	9,673	5,38,810
Total current liabilities		10,80,791	6,13,26,752	3,73,592	2,08,10,004
Total liabilities		10,80,791	6,13,26,752	3,73,592	2,08,10,004
Net assets		96,74,612	54,89,61,702	87,65,187	48,82,42,833
Represented by					
EQUITY					
Contributed equity	10	1,94,89,182	1,10,58,64,910	1,94,89,182	1,08,55,96,160
Accumulated losses	11	(1,30,76,317)	(74,19,82,925)	(1,30,76,318)	(72,83,83,602)
Reserves	17	32,61,749	18,50,79,720	23,52,324	13,10,30,277
Total equity		96,74,612	54,89,61,702	87,65,187	48,82,42,833

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2022

	Contributed equity $	Accumulated losses $	Reserves $	Total $
At 1 April, 2020	**1,94,89,182**	**(1,30,76,318)**	**15,59,121**	**79,71,985**
Total comprehensive income for the year		7,93,203		7,93,203
Transfer to reserves	-	(7,93,203)	7,93,203	-
At 31 March, 2021	**1,94,89,182**	**(1,30,76,318)**	**23,52,324**	**87,65,187**
Total comprehensive income for the year	-	9,09,425		9,09,425
Transfer to reserves	-	(9,09,425)	9,09,425	-
At 31 March, 2022	**1,94,89,182**	**(1,30,76,317)**	**32,61,749**	**96,74,612**

	Contributed equity ₹	Accumulated losses ₹	Reserves ₹	Total ₹
At 1 April, 2020	**89,79,64,061**	**(60,47,87,157)**	**7,41,32,305**	**36,73,09,209**
Total comprehensive income for the year	-	4,03,65,123	-	403,65,123
Transfer to reserves	-	(4,03,65,123)	4,03,65,123	-
Exchange rate variance	18,76,32,099	(1235,96,445)	1,65,32,850	8,05,68,503
At 31 March, 2021	**1,08,55,96,160**	**(72,83,83,602)**	**13,10,30,277**	**48,82,42,833**
Total comprehensive income for the period		5,11,30,154		5,11,30,154
Transfer to reserves	-	(5,11,30,154)	5,11,30,154	-
Exchange rate variance	2,02,68,750	(1,35,99,323)	29,19,289	95,88,716
At 31 March, 2022	**1,10,58,64,910**	**(74,19,82,925)**	**18,50,79,720**	**54,89,61,702**

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2022

	2022		2021	
	$	₹	$	₹
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers	**12,13,080**	**6,82,02,412**	37,58,996	19,12,90,817
Payments to supplier and employees	**(3,22,145)**	**(1,81,11,800)**	(20,56,927)	(10,46,74,561)
Income tax paid	**(67,179)**	**(37,76,978)**	(63,012)	(32,06,605)
Interest received	**38,407**	**21,59,353**	1,21,646	61,90,401
Net cash flows from operating activities - Note 4 (b)	**8,62,163**	**4,84,72,987**	17,60,703	8,96,00,052
CASH FLOW FROM INVESTING ACTIVITIES				
Payments for protection of technology	**(4,840)**	**(2,72,093)**	(9,561)	(4,86,558)
Net cash flows from/(used in) investing activities	**(4,840)**	**(2,72,093)**	(9,561)	(4,86,558)
CASH FLOW FROM FINANCING ACTIVITIES				
Net cash flows (used in)/from financing activities	–	–	–	–
Net increase/(decrease) in cash held	**8,57,324**	**4,82,00,894**	17,51,142	8,91,13,494
Add opening cash brought forward	71,86,390	40,40,36,812	54,35,248	27,65,93,248
Non cash exchange gain/(loss) on translation	–	41,82,737	–	345,93,146
Cash and cash equivalents at end of period - Note 4	**80,43,714**	**45,64,20,442**	71,86,390	40,02,99,889

Notes to the Financial Statements for the year ended 31st March, 2022

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 56.7425 for the current year balance sheet (2021: INR 55.7025) and the average rate of 1 AUD = INR 56.2225 for the current year income statement and cash flow statement (2021: INR 50.8888), 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 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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 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.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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, 2022

	Notes	2022 $	2022 ₹	2021 $	2021 ₹
Note 2: Revenues and expenses					
(a) Revenue					
Sales - TT seeds		**18,56,826**	**10,43,95,400**	20,85,050	10,61,05,692
Other revenue					
Finance revenue	AA	**32,432**	**18,23,408**	73,478	37,39,207
Freight outwards		**71,616**	**40,26,431**	41,744	21,24,302
		1,04,048	**58,49,839**	1,15,222	58,63,509
AA. Breakdown of finance revenue:					
Bank interest		**32,432**	**18,23,408**	73,478	37,39,207
Other income					
Sundry income		**713**	**40,063**	–	–
Liability extinguished		**50,308**	**28,28,442**	56,927	28,96,945
		51,021	**28,68,505**	56,927	28,96,945
(b) Depreciation and amortisation included in the income statement					
Amortisation of non-current assets:					
Technology and trademarks		**7,825**	**4,39,941**	3,071	1,56,280
Total amortisation of non-current assets		**7,825**	**4,39,941**	3,071	1,56,280
(c) Employee benefit expense					
Wages and salaries - incl super and travel allowance		**12,292**	**6,91,087**	25,993	13,22,753
Workers' compensation costs		**414**	**23,276**	785	39,948
Payroll tax		**356**	**20,015**	204	10,381
		13,062	**7,34,378**	26,982	13,73,082
(d) Administration expenses					
Consultancy expense		**41,500**	**23,33,234**	12,083	6,14,889
Audit and accounting fee		**20,900**	**11,75,050**	19,000	9,66,887
Overseas travel		**–**	**–**	256	13,028
Freight and cartage		**1,03,833**	**58,37,751**	1,23,100	62,64,411
Realised FX loss		**13,685**	**7,69,405**	2,72,247	1,38,54,323
Unrealised FX loss- net		**67,526**	**37,96,481**	43,627	22,20,126
Others		**43,146**	**24,25,795**	23,988	12,20,745
Total		**2,90,590**	**1,63,37,715**	4,94,301	2,51,54,409

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2022		2021	
	$	₹	$	₹
Note 3: Income tax				
The major components of income tax expenses are:				
Current income tax charge	**60,819**	**34,19,403**	70,011	35,62,776
Income tax expense	**60,819**	**34,19,403**	70,011	35,62,776
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%	**2,91,073**	**1,63,64,867**	2,58,964	1,31,78,370
Other assessable income (prior year interest accrual now realised)	**7,172**	**4,03,228**	92,995	47,32,404
Non deductible expenses (current year accruals, unrealised FX loss and tax advice)	**40,185**	**22,59,301**	20,362	10,36,198
Non assessable income (current year interest accrual)	**(5,379)**	**(3,02,421)**	(7,172)	(3,64,974)
Other deductible expenses (prior year accruals, unrealised FX loss)	**(24,327)**	**(13,67,725)**	(9,764)	(4,96,878)
Recoupment of prior year tax losses	**(2,47,905)**	**(1,39,37,839)**	(2,85,374)	(1,45,22,340)
Income tax attributed to ordinary activities	**60,819**	**34,19,410**	70,011	35,62,776
Provision for income tax	**3,313**	**1,87,988**	9,673	5,38,810

Income tax losses

Deferred tax assets arising from tax losses of the parent entity amounted to $24,09,097 (2021: $26,56,830). This has not been brought to account at balance sheet date as realisation is not considered probable. 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.

	2022		2021	
	$	₹	$	₹
Note 4: Cash and cash equivalents				
Current				
Cash at bank and on hand	**8,251**	**4,68,182**	21,331	11,88,190
Deposits at call	**80,35,463**	**45,59,52,259**	71,65,059	39,91,11,699
	80,43,714	**45,64,20,442**	71,86,390	40,02,99,889

(a) Terms and conditions relating to the above financial instruments:

(i) cash at bank has a weighted average interest rate of 0% (2021: 0%); and

(ii) deposits at call has a weighted average effective interest rate of 0.35% AUD account (2021: 0.58% AUD Account)

	Note				
(b) Reconciliation of net profit/(loss) after tax to the net cash flows from operations:					
Net profit after tax		**9,09,426**	**5,11,30,191**	7,93,203	4,03,65,126
Non-cash items:					
Amortisation of non-current assets		**7,825**	**4,39,917**	3,071	1,56,290
Changes in assets and liabilities:					
(Increase)/decrease in trade and other receivables		**(7,66,384)**	**(4,30,88,024)**	16,32,201	8,30,60,750
Decrease/(increase) in other current assets		**4,098**	**2,30,400**	49,476	25,17,774
Increase/(decrease) in trade creditors and accruals		**7,07,199**	**3,97,60,496**	(7,17,248)	(3,64,99,890)
Cash flows from operations		**8,62,163**	**4,84,72,987**	17,60,703	8,96,00,052

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Notes	2022 $	2022 ₹	2021 $	2021 ₹
Note 5: Trade and other receivables					
Current					
Trade debtors	(a)	**17,04,098**	**9,66,94,781**	9,37,715	5,22,33,070
Provision for doubtful debts		**–**	**–**	–	–
		17,04,098	**9,66,94,781**	9,37,715	5,22,33,070

(a) Terms and conditions

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 time.

	2022 $	2022 ₹	2021 $	2021 ₹
Note 6: Other assets				
Current				
Prepayments and other receivables	**3,172**	**1,79,987**	1,295	72,135
Interest accrued	**17,932**	**10,17,507**	23,907	13,31,680
	21,104	**11,97,494**	25,202	14,03,814

	Notes	2022 $	2022 ₹	2021 $	2021 ₹
Note 7: Other financial assets					
Non-current					
Shares in subsidiaries:					
At cost		**48,80,863**	**27,69,52,369**	48,80,863	27,18,76,271
Provision for write-down	(a)	**(39,11,127)**	**(22,19,27,124)**	(39,11,127)	(21,78,59,552)
Total other financial assets		**9,69,736**	**5,50,25,245**	9,69,736	5,40,16,720

(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%

	2022 $	2022 ₹	2021 $	2021 ₹
Cost	**36,84,522**	**20,90,68,990**	36,84,522	20,52,37,087
Accumulated impairment	**(27,14,786)**	**(15,40,43,745)**	(27,14,786)	(15,12,20,367)
	9,69,736	**5,50,25,245**	9,69,736	5,40,16,720

Technico Technologies Inc
Percentage of equity interest held by country of incorporation: Canada - 100%

	2022 $	2022 ₹	2021 $	2021 ₹
Cost	11,96,341	6,78,83,379	11,96,341	6,66,39,185
Accumulated impairment	(11,96,341)	(6,78,83,379)	(11,96,341)	(6,66,39,185)
	–	–	–	–

	2022 $	2022 ₹	2021 $	2021 ₹
Note 8: Intangible assets				
Non-current				
TECHNITUBER® technology, patents and trademarks at cost	**34,27,422**	**19,44,80,493**	34,27,422	19,09,15,974
Less: accumulated amortisation	**(34,10,671)**	**(19,35,29,999)**	(34,07,686)	(18,98,16,629)
	16,751	**9,50,494**	19,736	10,99,345
Movement in intangibles				
Balance at beginning of the year	**19,736**	**11,19,870**	13,246	7,37,835
Additions	**4,840**	**2,74,634**	9,561	5,32,572
Amortisation expense	**(7,825)**	**(4,44,010)**	(3,071)	(1,71,062)
Balance at the end of the year	**16,751**	**9,50,494**	19,736	10,99,345

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2022		2021	
	$	₹	$	₹
Note 9: Trade and other payables				
Current				
Trade creditors	**10,14,710**	**5,75,77,182**	2,55,735	1,42,45,075
Sundry creditors and accruals	**62,768**	**35,61,582**	1,08,184	60,26,119
	10,77,478	**6,11,38,764**	3,63,919	2,02,71,194

Terms and conditions relating to the above financial instruments:

(i) trade creditors are non-interest bearing and are normally settled on 180-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				
Ordinary shares fully paid 10,015,502 shares (2021: 10,015,502)	**1,95,98,046**	**1,11,20,42,125**	1,95,98,046	1,09,16,60,157
Share capital redemption	–	–	–	–
Discount on issue	**(1,08,864)**	**-61,77,216**	(1,08,864)	(60,63,997)
	1,94,89,182	**1,10,58,64,910**	1,94,89,182	1,08,55,96,160

(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	**Notes**				
Accumulated losses		**1,30,76,317**	**74,19,82,925**	1,30,76,318	72,83,83,602
Balance at beginning of year		**1,30,76,318**	**72,83,83,602**	1,30,76,318	60,47,87,157
Net (profit)/loss attributable to the members of Technico Pty Ltd		**(9,09,425)**	**(5,11,30,154)**	(7,93,203)	(4,03,65,123)
Transfer to reserves	17	**9,09,425**	**5,11,30,154**	7,93,203	4,03,65,123
Exchange rate variance		**-**	**1,35,99,323**	-	12,35,96,445
Total available for appropriation		**1,30,76,317**	**74,19,82,925**	1,30,76,318	72,83,83,602
Dividends paid or provided for		**-**	**-**	-	-
Balance at end of period		**1,30,76,317**	**74,19,82,925**	1,30,76,318	72,83,83,602

Note 12: Contingent liabilities

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. Using the short-term practical expedient under AASB 16, monthly rental repayments of $273 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

Amounts received or due and receivable by auditor:				
Audit of the entity by auditor/group auditor	**12,600**	**7,08,404**	12,000	6,10,666
Other services in relation to the entity- taxation	**8,300**	**4,66,647**	7,000	3,56,222
	20,900	**11,75,050**	19,000	9,66,887

Note 17: Reserves

2022 Profit	**9,09,425**	**5,16,03,038**	–	–
2021 Profit	**7,93,203**	**4,50,08,288**	7,93,203	4,41,83,348
2020 Profit	**15,59,121**	**8,84,68,394**	15,59,121	8,68,46,930
	32,61,749	**18,50,79,720**	23,52,324	13,10,30,277

Profits are set aside for declaration of future dividends.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2022

Your directors submit their Report for the financial year ended 31 March 2022.

Directors

The following directors have held office since the start of the financial year until the date of this report:

Ms Bhavani Parameswar

Mr Sachidanand Madan

Mr. Soundararadjane Santhanakrishnan (appointed effective 1st September 2021)

Corporate information

Technico Technologies Inc. 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

Technico Technologies Inc., Canada registered sales of Canadian Dollar C$92,799 (previous year C$ 106,201) and posted a net loss of C$ 29,729(previous year net profit of C$ 655). Sales ofTECHNITUBER® seed potatoes were lower and production costs related to crop output were higher in the current year, on account of warmer weather.

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.

Future developments and results

Considering the challenges faced by the Seed Potato business and its future prospects, the Board, in its meeting held on 17th March 2022, recommended that the Seed Potato Business of the Company be wound down and other business opportunities may be explored.

Environmental regulation and performance

Your company is not subject to any particular or significant environmental regulation.

Bhavani Parameswar
Director

Place: New Jersey, USA
Date: 28th April, 2022

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, 2022 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, 2022, 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.

May 2, 2022

Fredericton, New Brunswick CHARTERED PROFESSIONAL ACCOUNTANTS

BALANCE SHEET AS AT MARCH 31, 2022

ASSETS

	2022	2022	2021	2021
	$	₹	$	₹
Current Assets				
Cash	199,799	12,085,842	168,577	9,781,680
Accounts receivable	46,107	2,789,012	62,303	3,615,132
Inventory	54,687	3,308,017	111,601	6,475,648
Prepaid expenses	2,259	136,647	7,883	457,411
	302,852	18,319,518	350,364	20,329,871
Property and Equipment(note 4)	54,454	3,293,922	50,781	2,946,568
	357,306	21,613,440	401,145	23,276,439
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	29,757	1,800,001	42,612	2,472,561
Deferred revenue	–	–	1,035	60,056
	29,757	1,800,001	43,647	2,532,617
STOCKHOLDER'S EQUITY				
Capital Stock(note 7)	1,139,024	68,899,562	1,139,244	66,104,633
Deficit	(811,475)	(49,086,123)	(781,746)	(45,360,811)
	327,549	19,813,439	357,498	20,743,822
	357,306	21,613,440	401,145	23,276,439

Approved by the Board:
Ms. Bhavani Parameswar
(Director)

STATEMENT OF RETAINED EARNINGS (DEFICIT)
FOR THE YEAR ENDED MARCH 31, 2022

	2022	2022	2021	2021
	$	₹	$	₹
Deficit At Beginning Of Year	(781,746)	(45,360,811)	(782,401)	(41,531,801)
Net Income (Loss) For The Year	(29,729)	(1,761,667)	655	36,387
Change In Unrealized Foreign Exchange During The Year	–	(1,963,645)	–	(3,865,397)
Deficit At End Of Year	(811,475)	(49,086,123)	(781,746)	(45,360,811)

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2022

	2022	2022	2021	2021
	$	₹	$	₹
Sales	92,799	5,499,037	106,201	5,899,868
Cost Of Sales	103,801	6,150,988	90,619	5,034,230
Gross Profit	(11,002)	(651,951)	15,582	865,638
Expenses				
Advertising and trade shows	2,250	133,329	154	8,555
Amortization of property and equipment	150	8,889	67	3,722
Bank charges	521	30,873	667	37,054
Insurance	4,317	255,815	6,286	349,211
Occupancy costs	6,043	358,093	6,040	335,545
Office and supplies	151	8,948	37	2,055
Professional services	25,000	1,481,438	14,733	818,474
Telephone	3,628	214,986	3,445	191,383
Vehicle and travel	320	18,962	505	28,055
Wages and benefits	6,449	382,152	14,093	782,920
	48,829	2,893,485	46,027	2,556,974
	(59,831)	(3,545,436)	(30,445)	(1,691,336)
Other Income				
Net revenue - Support services (note 8)	30,102	1,783,769	31,100	1,727,723
Net Income (Loss) For The Year	(29,729)	(1,761,667)	655	36,387

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

	2022 $	2022 ₹	2021 $	2021 ₹
Cash Provided By (Required For):				
Operating Activities				
Net income (loss) for the year	(29,729)	(1,761,667)	655	36,387
Items not affecting cash:				
Amortization of property and equipment	150	8,889	67	3,722
Amortization capitalized to inventory	976	57,835	856	47,554
Foreign currency fluctuations	–	380,291	–	637,736
	(28,603)	(1,314,652)	1,578	725,399
Changes in non-cash operating working capital (note 6)	64,845	3,922,474	39,837	2,311,542
	36,242	2,607,822	41,415	3,036,941
Investing Activities				
Capital expenditures	(4,800)	(290,352)	(750)	(43,519)
Financing Activities				
Capital stock issuance (redemption)	(220)	(13,308)	(330)	(19,148)
Increase In Cash During The Year	31,222	2,304,162	40,335	2,974,274
Cash Position At Beginning Of Year	168,577	9,781,680	128,242	6,807,406
Cash Position At End Of Year	199,799	12,085,842	168,577	9,781,680

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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. 60.4900 (2021 - CAD $1 = Rs. 58.0250) to the balance sheet and the average annual exchange rate of CAD $1 = Rs. 59.2575 (2021- CAD $1 = Rs. 55.5538) 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 $976 (2021- $856)

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 $280,333 (2021 - $272,074).

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, 2022.

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	2022 Net	2021 Net
	$	$	$	$
Land	46,564	-	46,564	46,564
Buildings	293,913	291,060	2,853	3,433
Equipment	295,755	290,718	5,037	784
	636,232	581,778	54,454	50,781

	Cost	Accumulated Amortization	2022 Net	2021 Net
	₹	₹	₹	₹
Land	2,816,656	-	2,816,656	2,701,876
Buildings	17,778,798	17,606,220	172,578	199,200
Equipment	17,890,220	17,585,532	304,688	45,492
	38,485,674	35,191,752	3,293,922	2,946,568

5. Income Taxes

The company has non-capital losses for income tax purposes of $919,211 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	225,849	13,661,606
2027	283,750	17,164,038
2028	214,636	12,983,332
2030	115,010	6,956,955
2031	12,550	759,150
2032	7,695	465,471
2040	8,787	531,526
2041	10,825	654,804
2042	40,109	2,426,193
	919,211	55,603,073

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

	2022	2022	2021	2021
	$	₹	$	₹
Accounts receivable	16,196	979,696	31,796	1,844,963
Inventory	56,914	3,442,728	12,345	716,319
Prepaid expenses	5,625	340,256	(957)	(55,530)
Accounts payable and accrued liabilities	(12,855)	(777,599)	(4,382)	(254,266)
Deferred revenue	(1,035)	(62,607)	1,035	60,056
	64,845	3,922,474	39,837	2,311,542

7. Capital Stock

		2022 $	2022 ₹	2021 $	2021 ₹
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	65,812,999	1,087,998	63,131,084
51,026	Class A preferred shares (2021 - 51,246 shares)	51,026	3,086,563	51,246	2,973,549
		1,139,034	66,899,562	1,139,244	66,104,633

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 220 Class A preferred shares for $220 (2021 - 330 Class A preferred shares for $330).

8. Net Revenue - Support Services

	2022 $	2022 ₹	2021 $	2021 ₹
Revenue	348,721	19,479,185	348,518	19,361,499
Expenses				
Wages and benefits	288,144	17,074,693	297,426	16,523,145
Work visa charges	6,050	358,509	15,213	845,139
Office rent	4,425	262,214	4,779	265,492
	298,619	17,695,416	317,418	17,633,776
Net Revenue - Support services	30,102	1,783,769	31,100	1,727,723

Support services revenue is generated entirely from ITC Infotech (USA) Inc., a wholly owned Subsidiary Company 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.

9. Significant Event

On March 11, 2020, the World Health Organization characterized the outbreak of strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of evolving public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial assets and condition of the company in future periods.

Management has carefully assessed the potential effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of trade receivables and other assets. For example, management has proactively reviewed internal and external sources of information such as credit reports and economic forecasts and performed sensitivity analysis up to the date of approval of these financial statements - with the objective of minimizing the Company's risk and exposure to COVID-19. It is management's opinion that asset carrying values reflected in the financial statements will not be significantly impacted by COVID-19.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2022

Your directors present their report on the company for the financial year ended 31 March, 2022.

Directors

The names of directors in office at any time during or since the end of the year are:

Mr David Charles McDonald
Mr Sachidanand Madan
Mr Allan Hendry
Mr Dharmarajan Ashok
Mr Soundararadgane Santhanakrishnan (appointed on 17/08/2021)

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 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 Technico Asia Holdings Pty Limited is located at:

10 Bundaroo Street, BOWRAL NSW 2576, Australia

The company had no employees during the year.

Principal activities

During the year, the entity 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 [2021: nil].

Impact of 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 trade receivables, investment 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 economic forecasts and market value of certain investments. The Company has also performed sensitivity analysis on the assumptions used, and based on current estimates, does not expect any significant impact on such carrying values. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements.

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.

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 of Officers

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.

The Company was not a party to any such proceedings during the year.

Auditor independence

The auditor's independence declaration in accordance with applicable code of professional conduct, for the year ended 31 March, 2022 has been received and is included in the financial report.

Signed in accordance with a resolution of the Board of Directors:

David Charles McDonald
Director
Place: Sydney, Australia
Date: 29th April, 2022

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH, 2022

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 31 March, 2022 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:

David Charles McDonald

Director

Place: Sydney, Australia
Date: 29th April, 2022

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 31 March, 2022 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 29th day of April, 2022

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, 2022, 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, 2022 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, 2022, 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 29th day of April, 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH, 2022

		2022		2021	
	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, 2022

	Notes	2022 $	2022 ₹	2021 $	2021 ₹
CURRENT ASSETS					
Cash and cash equivalents		–	–	–	–
Trade and other receivables		–	–	–	–
Inventories		–	–	–	–
Other		–	–	–	–
Total current assets		–	–	–	–
NON-CURRENT ASSETS					
Receivables		–	–	–	–
Other financial assets	2	**9,69,736**	**5,50,25,245**	9,69,736	5,40,16,720
Property, plant and equipment		–	–	–	–
Intangible assets		–	–	–	–
Total non-current assets		**9,69,736**	**5,50,25,245**	9,69,736	5,40,16,720
Total assets		**9,69,736**	**5,50,25,245**	9,69,736	5,40,16,720
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		**9,69,736**	**5,50,25,245**	9,69,736	5,40,16,720
Represented by					
EQUITY					
Contributed equity	3	**36,84,522**	**20,90,68,990**	36,84,522	20,52,37,087
Accumulated losses	4	**(27,14,786)**	**(15,40,43,745)**	(27,14,786)	(15,12,20,367)
Total equity		**9,69,736**	**5,50,25,245**	9,69,736	5,40,16,720

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2022

	Contributed equity $	Accumulated losses $	Total $
At 1 April, 2020	36,84,522	(27,14,786)	9,69,736
Total Comprehensive income for the period	–	–	–
At 31 March, 2021	36,84,522	(27,14,786)	9,69,736
Total Comprehensive income for the period	–	–	–
At 31 March, 2022	**36,84,522**	**(27,14,786)**	9,69,736

	Contributed equity ₹	Accumulated losses ₹	Total ₹
At 1 April, 2020	16,97,64,351	(12,50,83,765)	4,46,80,586
Unrealised exchange gain/(loss)	3,54,72,736	(2,61,36,602)	93,36,134
At 31 March, 2021	20,52,37,087	(15,12,20,367)	5,40,16,720
Unrealised exchange gain/(loss)	38,31,903	(28,23,378)	10,08,525
At 31 March, 2022	**20,90,68,990**	**(15,40,43,745)**	5,50,25,245

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2022

	Notes	2022 $	2022 ₹	2021 $	2021 ₹
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, 2022

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 56.7425 for the current year balance sheet (2021: INR 55.7025) and the average rate of 1 AUD = INR 56.2225 for the current year income statement and cash flow statement (2021: INR 50.8888), 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.

	2022 $	2022 ₹	2021 $	2021 ₹
Note 2: Other financial assets				
Non-current				
Shares in subsidiaries:				
At cost	**36,84,522**	**20,90,68,990**	36,84,522	20,52,37,087
Provision for write-down	**(27,14,786)**	**(15,40,43,745)**	(27,14,786)	(15,12,20,367)
Total other financial assets	**9,69,736**	**5,50,25,245**	9,69,736	5,40,16,720

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%

	2022		2021	
	$	**₹**	$	₹
Cost	**36,84,522**	**20,90,68,990**	36,84,522	20,52,37,087
Accumulated impairment	**(27,14,786)**	**(15,40,43,745)**	(27,14,786)	(15,12,20,367)
	9,69,736	**5,50,25,245**	9,69,736	5,40,16,720

	2022		2021	
	$	**₹**	$	₹
Note 3: Contributed equity				
Issued and paid up capital				
36,84,522 Ordinary shares fully paid	**36,84,522**	**20,90,68,990**	36,84,522	20,52,37,087
	36,84,522	**20,90,68,990**	36,84,522	20,52,37,087

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

Accumulated losses				
Balance at beginning of year	**27,14,786**	**15,40,43,745**	**27,14,786**	**15,12,20,367**
Comprehensive Income attributable to the members of Technico Asia Holdings Ltd	–	–	–	–
Total available for appropriation	**27,14,786**	**15,40,43,745**	**27,14,786**	**15,12,20,367**
Dividends paid or provided for	–	–	–	–
Aggregate amount transferred (to)/from reserves	–	–	–	–
Balance at end of year	**27,14,786**	**15,40,43,745**	**27,14,786**	**15,12,20,367**

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 31 DECEMBER, 2021

Your management submits its report for the financial year ended 31 December, 2021.

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 5,360,470 (2020: CNY 6,294,218) and posted a profit of CNY 2,083,782 (2020: CNY 3,111,452). Net Profit is lower owing to lower TECHNITUBER® seed sales and margins compared to last year and unfavourable forex loss of RMB 203,850 compared to last year's favourable forex gain of RMB 181,960.

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: 29th April, 2022

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 2021, 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 2021, 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
Beijing, The People's Republic of China

Chinese Certified Public Accountants:
Chinese Certified Public Accountants:

Date: 29th April, 2022

BALANCE SHEET AS ON 31ST DECEMBER 2021

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE	31-Dec-20		31-Dec-21	
	NO.	CNY	INR	CNY	INR
CURRENT ASSETS :	1				
Cash and cash equivalents	2	1,01,51,415.60	11,33,67,964.00	1,29,57,706.13	15,13,36,289.32
Transaction monetary assets	3				
Short-term investments	4				
Notes receivable	5				
Accounts receivable	6	41,63,694.02	4,64,98,885.71	31,89,694.91	3,64,72,247.48
Advance to suppliers debts	7				
Dividend receivable	8				
Interest receivable	9	82,266.52	9,18,727.82	2,28,993.36	26,18,401.68
Other notes receivable	10				
INVENTORIES	11	4,02,500.06	44,94,999.92	6,22,235.06	71,14,884.57
Including Raw materials	12				
Finished goods	13				
In one year expired non current assets	14				
Other current assets	15	13,697.73	1,52,972.14	14,804.30	1,69,278.29
Total current assets	16	1,48,13,573.93	16,54,33,549.58	1,70,13,433.76	19,45,38,406.99
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	2,57,17,796.00	28,72,08,630.39	2,57,27,794.00	29,41,81,887.71
Less: Accumulated depreciations	26	2,34,59,309.61	26,19,86,531.93	2,35,18,828.70	26,89,23,694.89
Fixed assets-net value	27	22,58,486.39	2,52,22,098.46	22,08,965.30	2,52,58,192.83
Less: Fixed assets depreciation reserves	28				
Fixed assets-net equity	29	22,58,486.39	2,52,22,098.46	22,08,965.30	2,52,58,192.83
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	11,27,156.25	1,25,87,742.85	10,86,168.75	1,24,19,687.96
Including: right to use land	36	11,27,156.25	1,25,87,742.85	10,86,168.75	1,24,19,687.96
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 noncurrent assets	43				
Including: specially approved reserving materials	44				
Total noncurrent assets	45	33,85,642.64	3,78,09,841.31	32,95,134.05	3,76,77,880.78
TOTAL ASSETS	46	1,81,99,216.57	20,32,43,390.89	2,03,08,567.81	23,22,16,287.77
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	82,708.36	9,23,662.15	1,20,208.30	13,74,509.79
Including: accrued wages	55	82,708.36	9,23,662.15	1,20,208.30	13,74,509.79
accrued welfarism	56				
Including: staff and worker' bonus and welfare fund	57				

BALANCE SHEET AS ON 31ST DECEMBER, 2021 (Contd.)

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE	31-Dec-20		31-Dec-21	
	NO.	CNY	INR	CNY	INR
Taxes and dues payable	58	1,728.25	19,300.58	5,895.15	67,407.50
Including: Taxes payable	59	1,728.25	19,300.58	5,895.15	67,407.50
Interest payable	60				
Dividends payable	61				
Other payables	62	51,097.35	5,70,639.88	35,000.00	4,00,204.00
Due within one year of non current liabilities	63				
Other current liabilities	64				
Total current liabilities	65	1,35,533.96	15,13,602.61	1,61,103.45	18,42,121.29
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 non current liabilities	74				
Including: special reserve fund	75				
Total non-current liabilities	76				
Total liabilities	77	1,35,533.96	15,13,602.61	1,61,103.45	18,42,121.29
OWNERS' EQUITY	78				
Practical capital collected (or share capital)	79	1,90,13,598.02	21,23,38,158.61	1,90,13,598.02	21,74,09,085.20
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	1,90,13,598.02	21,23,38,158.61	1,90,13,598.02	21,74,09,085.20
Less: Investment returned	87				
Net paid in capital	88	1,90,13,598.02	21,23,38,158.61	1,90,13,598.02	21,74,09,085.20
Capital reserves	89	42,666.57	4,76,487.45	42,666.57	4,87,866.63
Less: treasury stock	90				
Surplus reserves	91				
Including: Legal surplus	92				
Free surplus reserves	93				
Reserve fund	94				
Enterprise expansion fund	95				
Profits capitalized on return of investment	96				
Unaffirmed investment loss	97				
Undistributed profit	98	-9,92,581.98	257,19,158.88	10,91,199.77	384,87,396.51
Including; cash dividends	99				
*Margin of Translation of Foreign Currency Financial Statements	100		-368,04,016.66		-2,60,10,181.86
Total equity attributable to equity holders of the Parent	101	180,63,682.61	20,17,29,788.29	2,01,47,464.36	23,03,74,166.48
*minority stockholder's interest	102				
Total owners' equity	103	180,63,682.61	20,17,29,788.29	2,01,47,464.36	23,03,74,166.48
Less: assets loss	104				
Total owners'equity: net value less loss on assets)	105	180,63,682.61	20,17,29,788.29	2,01,47,464.36	23,03,74,166.48
TOTAL LIABILITIES AND OWNERS' EQUITY	106	181,99,216.57	20,32,43,390.89	2,03,08,567.81	23,22,16,287.77

Income statement and profit appropriation 2021

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE	2021		2020	
	NO.	CNY	INR	CNY	INR
Income for main business	1	53,60,469.80	627,23,393.18	62,94,217.58	6,74,21,770.45
Less: cost of main business	2	28,30,982.01	331,25,603.60	30,88,158.00	3,30,79,422.05
Taxation and additional of main	3				
Main business profit	4	25,29,487.79	295,97,789.58	32,06,059.58	3,43,42,348.40
Add: other profit	5				
Less: Operating expenses	6	2,40,104.21	28,09,483.37	2,10,026.24	22,49,738.08
Management expenses	7	2,88,227.97	33,72,584.30	2,32,350.79	24,88,871.96
Including: Business entertainment	8				
Research and development expense	9				
Financial Expenses	10	-80,561.96	-9,42,663.55	-3,40,388.58	-36,46,140.35
Including: Interest exchange	11				
Interest income	12	2,84,952.74	33,34,260.51	1,58,857.06	17,01,629.17
Foreign exchange profit and loss	13	2,40,104.21	28,09,483.37	2,10,026.24	22,49,738.08
Operating Profit	14	20,81,717.57	2,43,58,385.46	31,04,071.13	3,32,49,878.72
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	2,064.18	24,153.18	7,380.70	79,059.84
Including: income from disposal of long term assets	19				
Income from non-monetary assets exchange	20				
Government grants (subsidy income)	21				
Income from debt restructuring	22				
Less: Non-operating expenses	23				
Including: Loss on disposal of long-term Assets	24				
Loss on non-monetary assets exchange	25				
Loss on debt restructuring	26				
Total Profit	27	20,83,781.75	2,43,82,538.63	31,11,451.83	3,33,28,938.57
Less: Income tax	28				
Net Profit	29	20,83,781.75	2,43,82,538.63	31,11,451.83	3,33,28,938.57
Add: Undistributed Profit at the beginning of year	30	-9,92,581.98	-1,16,14,301.01	-41,04,033.81	-4,39,61,178.96
Other transfer-in	31				
Profit available for distribution	32	10,91,199.77	1,27,68,237.63	-9,92,581.98	-1,06,32,240.40
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	10,91,199.77	1,27,68,237.63	-9,92,581.98	-1,06,32,240.40
Less: Appropriated profit	38				
Common stock turn to capital	39				
Undivided Profit	40	10,91,199.77	1,27,68,237.63	-9,92,581.98	-1,06,32,240.40
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				

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2021

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	2020		2021	
		CNY	INR	CNY	INR
1. Cash Flow from Operating Activities:	1				
Cash from selling commodities or offering labor	2	68,18,631.61	7,30,39,136.22	**66,91,809.25**	**7,83,01,529.22**
Refund of tax and fee received	3	7,244.50	77,600.91	**2,064.18**	**24,153.18**
Other cash received related to operating activities	4	1,58,857.06	17,01,629.17	**1,38,225.90**	**16,17,395.08**
Cash Inflow Subtotal	5	69,84,733.17	7,48,18,366.30	**68,32,099.33**	**7,99,43,077.47**
Cash paid for commodities or labor	6	7,85,972.42	84,19,100.77	**8,98,067.88**	**1,05,08,382.07**
Cash paid to and for employees	7	20,10,574.50	2,15,36,670.84	**24,12,635.83**	**2,82,30,493.11**
Taxes and fees paid	8	1,91,167.37	20,47,727.52	**10,762.20**	**1,25,929.58**
Other cash paid related to operating activities	9	10,15,855.56	1,08,81,540.00	**6,94,327.16**	**81,24,391.53**
Cash Outflow Subtotal	10	40,03,569.85	4,28,85,039.13	**40,15,793.07**	**4,69,89,196.29**
Cash flow generated from operating activities Net Amount	11	29,81,163.32	3,19,33,327.17	**28,16,306.26**	**3,29,53,881.18**
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**	**1,16,987.60**
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**	**1,16,987.60**
Cash flow generated from investing activities Net Amount	24	-	-	**-9,998.00**	**-1,16,987.60**
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 activitiesNet Amount	36				
4. Foreign Currency Translation Gains (losses)	37	-40.06	-429.11	**-17.73**	**-207.46**
5. Net Increase Of Cash and Cash Equivalents	38	29,81,123.26	3,19,32,898.06	**28,06,290.53**	**3,28,36,686.12**
Add: cash and cash equivalents beginning bal.	39	71,70,292.34	7,68,06,020.46	**1,01,51,415.60**	**11,87,82,729.12**
6. Cash and cash equivalents ending balance	40	1,01,51,415.60	10,87,38,918.52	**1,29,57,706.13**	**15,16,19,415.24**

STATEMENT OF CASHFLOW (II) 2021

Printed by Technico Horticultural (Kunming) Co. Ltd.

MONETARY UNIT RMB YUAN

ITEMS	LINE NO.	2021 CNY	2021 INR	2020 CNY	2020 INR
Supplementary Information	1				
1. Reconciliation of Net Profit to Cash Flow from Operating Activities:	2				
Net Profit	3	20,83,781.75	2,43,82,538.63	31,11,451.83	3,33,28,938.57
Add:Impairment losses on assets	4		–		
Depreciation of fixed assets	5	59,519.09	6,96,438.82	1,34,378.81	14,39,425.50
Amortisation of intangible assets	6	40,987.50	4,79,598.84	40,987.50	4,39,045.80
Amortisation of long-term deferred expenses	7	15,043.59	1,76,026.55	1,319.82	14,137.52
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	-2,19,735.00	-25,71,141.21	25,028.66	2,68,099.50
Decrease (increase) in receivables under operating activities	16	8,48,195.36	99,24,818.73	-84,667.71	-9,06,935.11
Increase (decrease) in payables under operating activities	17	-11,486.03	-1,34,399.19	-2,47,335.59	-26,49,384.64
Others	18		–		
Net cash flow from operating activities	19	28,16,306.26	329,53,881.18	29,81,163.32	3,19,33,327.13
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	1,29,57,706.13	15,16,19,415.20	1,01,51,415.60	10,87,38,918.48
Less: Cash at the beginning of the year	25	1,01,51,415.60	11,87,82,729.08	71,70,292.34	7,68,06,020.46
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	28,06,290.53	3,28,36,686.12	29,81,123.26	3,19,32,898.02

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 aging receivable account method and are dealt with in the profit and loss account and the balance sheet. The aging 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	20 years	4.50%	10.00%
Production equipment	10 years	9.00%	10.00%
Motor vehicle	5 years	18.00%	10.00%
Office equipment and other	5 years	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	842.99	10,096.25
Cash in bank	1,29,56,863.14	1,01,41,319.35
Total	1,29,57,706.13	1,01,51,415.60

(2) Account receivable

Aging	Ending Balance			Beginning Balance		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within 1 year	32,05,723.53	100.00	16,028.62	41,84,617.11	100.00	20,923.09
Total	32,05,723.53	100.00	16,028.62	41,84,617.11	100.00	20,923.09

(3) Inventories and provision for loss on realization of inventory

Item	Ending balance	Beginning balance
Work-in-progress	3,26,291.82	3,26,291.82
Finished goods	2,95,943.24	76,208.24
Total	6,22,235.06	4,02,500.06
Less: Provision for loss on realization of inventory	–	–
Total	6,22,235.06	4,02,500.06

(4) Fixed assets

Item	Beginning balance	Increase of this year	Decrease of this year	Ending book balance
(1) Total original book value	2,57,17,796.00	9,998.00	–	2,57,27,794.00
Including: Houses and building	1,17,05,911.00	–	–	1,17,05,911.00
Production equipment	1,35,12,126.72	–	–	1,35,12,126.72
Transportation	1,68,499.12	–	–	1,68,499.12
Office and other equipment	3,31,259.16	9,998.00	–	3,41,257.16
(2) Total accumulated Depreciation	2,34,59,309.61	59,519.09	–	2,35,18,828.70
Including: Houses and building	1,09,87,557.68	–	–	1,09,87,557.68
Production equipment	1,21,23,048.53	19,662.73	–	1,21,42,711.26
Transportation	47,390.39	37,912.31	–	85,302.70
Office and other equipment	3,01,313.01	1,944.05	–	3,03,257.06
(3) Total net book value	22,58,486.39	–	–	22,08,965.30
Including: Houses and building	7,18,353.32	–	–	7,18,353.32
Production equipment	13,89,078.19	–	–	13,69,415.46
Transportation	1,21,108.73	–	–	83,196.42
Office and other equipment	29,946.15	–	–	38,000.10
(4) Total impairment provision	–	–	–	–
Including: Houses and building	–	–	–	–
Production equipment	–	–	–	–
Transportation	–	–	–	–
Office and other equipment	–	–	–	–
(5) Total book value	22,58,486.39	–	–	22,08,965.30
Including: Houses and building	7,18,353.32	–	–	7,18,353.32
Production equipment	13,89,078.19	–	–	13,69,415.46
Transportation	1,21,108.73	–	–	83,196.42
Office and other equipment	29,946.15	–	–	38,000.10

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	20,49,375.00	–	–	**20,49,375.00**
Including:Land use rights	20,49,375.00	–	–	**20,49,375.00**
(2) Total accumulated amortization	9,22,218.75	40,987.50	–	**9,63,206.25**
Land use rights	9,22,218.75	40,987.50	–	**9,63,206.25**
(3) Total impairment provision		–		
Including:Land use rights		–	–	
(4) Total book value	11,27,156.25	–	–	**10,86,168.75**
Including:Land use rights	11,27,156.25	–	–	**10,86,168.75**

(6) Other payables

Aging	Ending balance	Beginning balance
Within 1 year (including 1 year)	**35,000.00**	51,097.35
1-2 years (including 2 years)		
2-3 years (including 3 years)		
Over 3 years		
Total	**35,000.00**	51,097.35

(7) Paid-in capital

Investors	Beginning balance		Ending balance	
	Shareholding percentage	Contributed amount	Shareholding percentage	Contributed amount
Technico Asia Holdings Pty Limited	100.00	1,90,13,598.02	**100.00**	**1,90,13,598.02**
Total	100.00	1,90,13,598.02	**100.00**	**1,90,13,598.02**

(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	**-9,92,581.98**
Add: Net Profit	**20,83,781.75**
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	**10,91,199.77**

(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	**53,60,469.80**	62,94,217.58	**28,30,982.01**	30,88,158.00
Total	**53,60,469.80**	62,94,217.58	**28,30,982.01**	3,088,158.00

(11) Finance expense

Item	**Amount incurred this year**	Amount incurred last year
Interest expense		
Less: Interest income	**2,84,952.74**	1,58,857.06
Foreign exchange loss	**2,03,853.78**	33,601.77
Less: Foreign exchange gain	**4.20**	2,15,561.29
Bank fee	**541.20**	428.00
Total	**-80,561.96**	-3,40,388.58

5. Contingencies

Up to 31 December 2021, there are no material contingencies for the Company.

6. Promised events

Up to 31 December 2021, 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 2021, there are no other material matters specially stated for the Company.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

1. Your Directors submit their Second Report for the financial year ended 31st March, 2022.

2. **PERFORMANCE OF THE COMPANY**

The Company was incorporated as a wholly owned subsidiary of ITC Limited ('ITC') on 9th July, 2020 with its main object being 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. Despite challenges posed by the COVID-19 pandemic, steady progress has been made in the construction of the Plant during the year. The civil & structural works have been completed, and finishing works and equipment erection is underway. The Plant is expected to be commissioned during the financial year 2022-23.

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 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, 2022 was ₹ 13,521.62 lakhs, and the net loss for the period ended 31st March, 2022 stood at ₹ 128.64 lakhs.

The financial results of your Company, summarised, are as under:

	For the financial year ended 31st March, 2022 (₹ in lakhs)	For the period from 9th July, 2020 to 31st March, 2021 (₹ in lakhs)
a. Profit Before Tax	**(128.69)**	(127.83)
b. Less: Tax Expense	**0.05**	1.37
c. Profit After Tax	**(128.64)**	(126.46)

3. **SHARE CAPITAL**

During the year under review, the Authorised Share Capital of the Company was reclassified from 16,50,00,000 Equity Shares of ₹ 10/- each, into 12,00,00,000 Equity Shares of ₹ 10/- each, aggregating ₹ 120,00,00,000/-, and 45,00,000 Preference Shares of ₹ 100/- each, aggregating ₹ 45,00,00,000/-. The Share Capital was also increased to ₹ 340,00,00,000/- by creation of 1,75,00,000 Preference Shares of ₹ 100/- each. The said reclassification and increase in the Authorised Share Capital was approved by the Members of the Company at the Extraordinary General Meeting held on 3rd January, 2022.

During the year, the Company raised funds through rights issue to the tune of ₹ 70 crores, divided into 7,00,00,000 Equity Shares of ₹ 10/- each, and through private placement to ITC, aggregating ₹ 30 crores, divided into 30,00,000 Preference Shares of ₹ 100/- each. Consequently, the Issued and Paid-up Share Capital of the Company as on 31st March, 2022 stood at ₹ 150 crores, comprising Equity Share Capital of ₹ 120 crores and Preference Share Capital of ₹ 30 crores.

Post 31st March, 2022, the Company raised funds through private placement aggregating ₹ 30 crores, divided into 30,00,000 Preference Shares of ₹ 100/- each. Further, your Board of Directors ('the Board') at the Meeting held on 25th April, 2022 has offered, in the third tranche, issue of 30,00,000 Preference Shares of ₹ 100/- each to ITC, aggregating ₹ 30 crores.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) Changes in Key Managerial Personnel during the year

During the year under review, Mr. Shubhradip Bose (ICSI Membership No.: F10386) resigned as the Company Secretary of the Company effective 15th December, 2021. The Board at the Meeting held on 20th January, 2022, in terms of Section 203 of the Companies Act, 2013 ('the Act'), appointed Mr. Debanjan Sarkar (ICSI Membership No.: A31527) as the Company Secretary of the Company with effect from the said date.

There were no other changes in the composition of the Board and the Key Managerial Personnel of your Company during the year under review.

(b) Directors - Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with the Articles of Association of the Company, Mr. Sivakumar Surampudi (DIN: 00341392) and Ms. Nidhi Bajaj (DIN: 02171721) 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.

(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 of the Act, based on criteria approved by the Board.

5. **BOARD MEETINGS**

Seven Meetings of the Board were held during the financial year ended 31st March, 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 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, 2022 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, 2022, 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 formulated 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 vest 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 reference 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, 2022, 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, 2022, 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.

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 2022-23. 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, 2022. 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 2** 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 upcoming manufacturing facility incorporates maximisation of natural lighting, insulation for minimal heat transfer and use of energy efficient lighting fixtures. 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 a DCS (Distributed Control System) ensuring utmost control over quality.

After evaluating multiple methods, a novel extraction process for yielding nicotine salts at required purity levels has been developed in the lab and scaled up to 50 kg-product / batch scales.

There has been no foreign exchange earnings or outflow during the period under review.

On behalf of the Board

	(S. Sivakumar) **Chairman**	**(A. Kumar)** **Director**
Dated: April 25, 2022	**DIN: 00341392**	**DIN: 08786753**

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2022

[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
Sunil Nair	51	Manager	56,66,520/-	34,85,173/-	B.E.(Mechanical) and M.B.A.(Finance)	29	01.11.2020	Factory Manager -Anaparti Green Leaf Threshing Plant, ITC Limited
Bushra	24	Chief Financial Officer	25,78,667/-	17,64,221/-	A.C.A.	2	01.09.2020	Assistant Manager - Finance, ITC Limited
Ajay Mahendrakar	36	Assistant Manager - Projects	25,66,305/-	18,50,257/-	DECE and B.E. (Electrical & Commn.)	15	01.01.2021	Assistant Manager- Quality Control, ITC Limited
Akshay Prabhakar Bhamare	23	Assistant Manager - Projects	24,90,703/-	17,35,140/-	B.Tech. (Chemical)	2	01.01.2021	Assistant Manager - Projects, ITC Limited
B.Thirupathi Rao	38	Associate Scientist - Projects	21,70,786/-	16,03,532/-	M.Sc. (Organic Chemistry)	15	01.11.2020	Associate Scientist - Projects, ITC Limited
K. V. Vandana	39	Assistant Manager - HR	19,99,925/-	14,61,574/-	BBM and MHRM	16	01.05.2021	Assistant Manager-HR, ITC Limited
Shubhradip Bose[1]	34	Company Secretary	19,85,613/-	12,98,201/-	F.C.S. and LL.B	10	10.04.2021	Assistant Manager-Secretarial, ITC Limited
W.Keerthana[2]	23	Assistant Manager - Projects	18,21,068/-	12,96,123/-	B.Tech. Dual Degree (Data Sciences & Mechanical)	2	01.01.2021	Assistant Manager -Projects, ITC Limited
Chiriki Harish Kumar	31	Associate Manager - Projects	14,68,963/-	11,06,317/-	B.Tech. (Chemical)	9	01.11.2020	Associate Manager - Projects, ITC Limited
Vidya G.[3]	26	Assistant Manager - Projects	13,90,041/-	10,70,313/-	B.E.(Mechanical)	4	01.01.2021	Associate Manager - Projects, ITC Limited
Nikhil Brijlal Kadam	34	Associate Manager - Quality Assurance	13,33,734/-	10,68,699/-	M.Sc.(Life Science)	11	01.11.2020	Associate Manager - Projects, ITC Limited
Ramesh G.	35	Assistant Manager - Instrumentation Engineering	10,51,868/-	9,41,756/-	B.E.(Electronics) & IE	10	30.11.2020	Assistant Manager -Instrumentation, Cipla Limited
Debanjan Sarkar	33	Company Secretary	4,73,224/-	3,15,497/-	A.C.S. and B.Com(H)	10	01.01.2022	Assistant Manager -Secretarial, ITC Limited

[1] *Resigned with effect from 15th December, 2021.*

[2] *Resigned with effect from 10th December, 2021.*

[3] *Resigned with effect from 25th February, 2022.*

All the above employees are / were on deputation from ITC Limited, the Holding Company (ITC), except for Mr. Ramesh G.

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. Mr. Sunil Nair,Manager, 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 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 / Manager of the Company nor hold any equity share in the Company.

On behalf of the Board

(S. Sivakumar)
Chairman
DIN: 00341392

(A. Kumar)
Director
DIN: 08786753

Dated: April 25, 2022

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2022

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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, J.L. 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, 2022 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, 2022, to the extent applicable, according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;

(ii) Specific laws applicable - The 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 hereinabove.

We further report that:

(a) The Board of Directors of the Company is duly constituted in compliance with the applicable provisions of law. There were no changes in the composition of the Board of Directors during the period under review.

(b) Adequate notice had been 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) 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 Capital Clause of the Memorandum of Association of the Company to reclassify and increase the authorised share capital at the Extraordinary General Meeting (EGM) of the Members held on 3rd January, 2022 as follows:

   (a) Reclassification of 16,50,00,000 Equity Shares of ₹ 10/- each, into 12,00,00,000 Equity Shares of ₹ 10/- each, aggregating ₹ 120,00,00,000/-, and 45,00,000 Preference Shares of ₹ 100/- each, aggregating ₹ 45,00,00,000/-.

   (b) Increase of Share Capital to ₹ 340,00,00,000/- by creation of 1,75,00,000 Preference Shares of ₹ 100/- each.

ii. Alteration of the Articles of Association of the Company at the EGM held on 3rd January, 2022.

iii. Issue and allotment of 7,00,00,000 Equity Shares of ₹ 10/- each, fully paid-up, by way of Rights Issue, to ITC Limited, the Holding Company (hereinafter called ITC).

iv. Offer and issue of 60,00,000 Preference Shares of ₹ 100/- each, by way of Private Placement to ITC, and allotment of 30,00,000 Preference Shares of ₹ 100/- each, fully paid-up, to ITC.

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: A055836D000180389

Date: 21.04.2022
Place: Kolkata

INDEPENDENT AUDITOR'S REPORT

To the Members of ITC IndiVision Limited

Report on the Audit of the 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 2022, 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, 2022, 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.

Responsibilities 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 Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Board of Directors 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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, 2022 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 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.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Atin Bhargava
Partner
Membership Number: 504777
UDIN: 22504777AHTUPL1533

Place of Signature: Hyderabad
Date: April 25, 2022

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, 2022.

(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 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) 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.

(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 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) 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. 115.27 Lakhs. In the immediately preceding financial year, the Company had incurred cash losses amounting to Rs. 127.03 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 28 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) The provisions of section 135 (1) 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: 22504777AHTUPL1533

Place of Signature: Hyderabad
Date: April 25, 2022

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 IndiVision Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended March 31, 2022.

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, 2022, 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: 22504777AHTUPL1533

Place of Signature: Hyderabad
Date: April 25, 2022

ITC IndiVision Limited
Balance Sheet as at March 31, 2022
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	3A	192.72	64.55
Capital work-in-progress	3B	13,003.91	2,420.02
Right-of-use assets	3C	742.95	769.07
Intangible assets under development	3B	324.99	333.63
Deferred tax assets (net)	9	1.42	1.37
Other non-current assets	4	747.35	1,000.63
		15,013.34	**4,589.27**
Current assets			
Financial assets			
Investments	5	904.96	1,063.93
Cash and cash equivalents	6	10.04	93.95
Others	7	3.49	4.13
Other current assets	4	1,427.75	114.67
Inventory	8	864.09	–
		3,210.33	**1,276.68**
Total assets		**18,223.67**	**5,865.95**
Equity and liabilities			
Equity			
Equity share capital	10	12,000.00	5,000.00
Other equity	11	(255.10)	(126.46)
		11,744.90	**4,873.54**
Liabilities			
Non-current liabilities			
Financial liabilities			
Right of Use Lease Liability		814.29	790.12
Other financial liabilities	13	3.52	1.68
Long term borrowings	14	3,000.00	–
Provisions	16	0.70	0.13
		3,818.51	**791.93**
Current liabilities			
Financial liabilities			
Trade payables	12		
- Total outstanding dues to micro enterprises and small enterprises		–	–
- Total outstanding dues to creditors other than micro enterprises and small enterprises		8.11	–
Other financial liabilities	13	2,588.55	163.72
Other current liabilities	15	63.60	36.76
		2,660.26	**200.48**
Total equity and liabilities		**18,223.67**	**5,865.95**
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, 2022

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, 2022

Ashit Kumar
Director
DIN No.: 08786753
Place: Guntur
Date : April 25, 2022

Debanjan Sarkar
Company Secretary
M. No.: A31527
Place: Kolkata
Date : April 25, 2022

Bushra
Chief Financial Officer
Place: Mysore
Date : April 25, 2022

ITC IndiVision Limited

Statement of Profit and Loss for the year ended March 31, 2022

(All amounts in Indian Rupees in Lakhs except as otherwise stated)

Particulars	Notes	For the year ended March 31, 2022	For the period from July 09, 2020 to March 31, 2021
Income			
Revenue from operations		–	–
Other income	17	42.94	0.20
Total income		**42.94**	**0.20**
Expenses			
Depreciation and amortisation expense	3A	13.42	0.80
Other expenses	18	137.45	127.23
Employee benefit expenses	19	20.76	–
Total expenses		**171.63**	**128.03**
Loss before tax		**(128.69)**	**(127.83)**
Tax expenses			
Current tax		–	–
Deferred tax	20	0.05	1.37
Total tax expenses		**0.05**	**1.37**
Loss for the year		**(128.64)**	**(126.46)**
Other comprehensive income (OCI)		–	–
Total comprehensive loss for the year		**(128.64)**	**(126.46)**
Earnings per equity share (Face value of share Rs. 10)	21		
Basic and Diluted (Rs.)		(0.15)	(3.36)
Summary of significant accounting policies	2		

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As per our report of even date

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ITC IndiVision Limited

Cash Flow Statement for the year ended March 31, 2022

(All amounts in Indian Rupees in Lakhs except as otherwise stated)

	Particulars		For the year ended March 31, 2022	For the period from July 09, 2020 to March 31, 2021
A.	**Cash flow from / (used in) operating activities**			
	Loss before tax		(128.69)	(127.83)
	Adjustment for			
	Depreciation and amortisation		13.42	0.80
	Net gain arising on financial assets mandatorily measured at FVTPL		(42.94)	(0.20)
	Operating loss before working capital changes		**(158.21)**	**(127.23)**
	Adjustment for working capital changes			
	Decrease / (increase) in other financial assets		0.64	(4.13)
	Increase in other non-current and current assets		(1,313.08)	(114.67)
	Increase in inventory		(864.09)	–
	Increase in provisions		0.57	0.13
	Increase in non-current and current other financial liabilities		2,409.65	165.40
	Increase in trade payables		8.11	–
	Increase in other current liabilities		26.84	36.76
	Net cash flow from / (used in) operation		**110.43**	**(43.74)**
	Direct taxes paid		–	–
	Net cash flow from / (used in) operating activities	**(A)**	**110.43**	**(43.74)**
B.	**Cash flow used in investing activities**			
	Purchase of property, plant and equipment, including capital work in progress, intangible under development and capital advances		(10,398.59)	(3,798.58)
	Proceeds from / (Investments in) units of mutual funds (net)		204.25	(1,063.73)
	Net cash used in investing activities	**(B)**	**(10,194.34)**	**(4,862.31)**
C.	**Cash flow from financing activities**			
	Proceeds from issue of equity shares		7,000.00	5,000.00
	Proceeds from issue of 9% Cumulative, non convertible, redeemable Preference share of Rs. 100 each		3,000.00	–
	Net cash flow from financing activities	**(C)**	**10,000.00**	**5,000.00**
	Net decrease in cash and cash equivalents	**(A+B+C)**	**(83.91)**	**93.95**
	Cash and cash equivalents at the beginning of the year		93.95	–
	Cash and cash equivalents at the end of the year		**10.04**	**93.95**
	Components of cash and cash equivalents			
	Balances with banks			
	On current accounts		10.04	93.95
	Total cash and cash equivalents (refer note 6)		**10.04**	**93.95**
	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
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ITC IndiVision Limited
Statement of Changes in Equity for the year ended March 31, 2022
(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 09 July 2020	–	–
Issued during the period	5,00,00,000	5,000.00
As at March 31, 2021	**5,00,00,000**	**5,000.00**
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**

b) Other equity

	Retained earnings	Amount
As at July 09, 2020	–	–
Loss for the period	(126.46)	(126.46)
Total Other comprehensive income for the period	–	–
As at March 31, 2021	**(126.46)**	**(126.46)**
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)**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

Atin Bhargava
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Membership No.: 504777
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Date : April 25, 2022

ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2022
(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 tartrate (NiBt).

2. Significant accounting policies

2.1 Basis of preparation

The Financial Statements for the year ended March 31, 2022 comprising of Balance Sheet as at March 31, 2022, Statement of Profit and Loss, including the Statement of Other Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity for the year 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 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.

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.

ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2022
(All amounts in Indian Rupees in Lakhs except as otherwise stated)

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 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
Computers, servers and other IT equipments	3 – 6 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 Property, Plant and Equipment where exchange variance is adjusted in the carrying amount of the Property, Plant and Equipment.

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 Property, Plant and Equipment, in which case such profit / loss are adjusted in the carrying amount of the respective Property, Plant and Equipment.

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. 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, 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 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, 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 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:

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 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.

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 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 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.

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.

ITC IndiVision Limited
Notes to the Financial Statements for the year ended March 31, 2022
(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					
Additions during the period	36.24	13.08	7.40	8.63	65.35
Disposals during the period	–	–	–	–	–
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**
Depreciation and amortisation					
Charge for the period	0.20	0.24	0.19	0.17	0.80
Disposals	–	–	–	–	–
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**
Net block					
As at March 31, 2022	**91.40**	**16.65**	**7.80**	**76.87**	**192.72**
As at March 31, 2021	**36.04**	**12.84**	**7.21**	**8.46**	**64.55**

3B. Capital Work-in-Progress and Intangible Assets under development

Particulars	Capital Work-in-Progress		Intangible Assets under development	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Opening Balance	2,420.02	–	333.63	–
Additions	10,583.89	2,420.02	(8.64)	333.63
Capitalised during the year/period	–	–	–	–
Total	**13,003.91**	**2,420.02**	**324.99**	**333.63**

Ageing schedule

Particulars	Capital Work-in-Progress		Intangible Assets under development	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Less than 1 year	10,583.89	2,420.02	–	333.63
1 - 2 year	2,420.02	–	324.99	–
2 - 3 year	–	–	–	–
More than 3 years	–	–	–	–
Total	**13,003.91**	**2,420.02**	**324.99**	**333.63**

3C. Right-of-use assets

Particulars	As at March 31, 2022	As at March 31, 2021
Gross carrying amount		
Opening Balance	783.73	–
Additions	–	783.73
Disposals	–	–
Total	**783.73**	**783.73**
Accumulated amortization		
Opening Balance	14.66	–
Charge for the year/period*	26.12	14.66
Disposals	–	–
Total	**40.78**	**14.66**
Net block		
Total	**742.95**	**769.07**

*Transferred to Capital Work-in-Progress

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4. Other assets

Particulars	March 31, 2022	March 31, 2021
Non-current		
Capital Advances	747.35	1,000.63
	747.35	**1,000.63**
Current		
Advances to employees	0.20	0.16
Balance with government authorities	1,420.80	114.51
Prepaid Expenses	6.75	–
	1,427.75	**114.67**

5. Current investments

Particulars	March 31, 2022	March 31, 2021
Investment in units of mutual funds (measured at fair value through profit or loss)		
Unquoted		
Nil (March 31, 2021: 1,149) Units of UTI liquid fund cash plan	–	38.74
Nil (March 31, 2021: 31,822) Units of SBI Liquid Fund Growth	–	1,025.19
5,835 (March 31, 2021: Nil) Units of Nippon India Liquid-Direct Plan Growth Plan-Growth Option	303.87	–
25,426 (March 31, 2021: Nil) Units of Axis Liquid Fund-Direct Growth	601.09	–
	904.96	**1,063.93**
Aggregate amount of unquoted investments	904.96	1,063.93

6. Cash and cash equivalents

Particulars	March 31, 2022	March 31, 2021
Balances with banks		
On current accounts	10.04	93.95
	10.04	**93.95**

7. Financial assets - Others

Particulars	March 31, 2022	March 31, 2021
Current		
Security deposits - Rental	3.49	4.13
	3.49	**4.13**

Breakup of Financial assets

Particulars	March 31, 2022	March 31, 2021
Carried at Fair value		
Investments in units of mutual fund	904.96	1,063.93
Carried at amortised cost		
Balances with banks	10.04	93.95
Security deposits - Rental	3.49	4.13
	918.49	**1,162.01**

8. Inventories

Particulars	March 31, 2022	March 31, 2021
(At lower of cost and net realisable value)		
Raw material	861.60	–
Packing material	2.49	–
	864.09	–

9. Deferred tax assets (net)

Particulars	March 31, 2022	March 31, 2021
Deferred tax asset arising on account of timing differences relating to:		
On unabsorbed depreciation	4.61	0.93
On unabsorbed losses	0.07	0.07
On preliminary expenses	0.91	1.21
	5.59	**2.21**
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	3.74	0.83
On gain on mutual fund	0.43	0.01
	4.17	**0.84**
	1.42	**1.37**

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 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**
For the period ended 31 March 2021:				
Unabsorbed depreciation	-	0.93	-	0.93
Unabsorbed losses	-	0.07	-	0.07
Preliminary expenses	-	1.21	-	1.21
Written down value difference of property, plant and equipment between tax and financial books	-	(0.83)	-	(0.83)
Gain on mutual fund	-	(0.01)	-	(0.01)
	-	**1.37**	-	**1.37**

10. Equity share capital

Particulars	March 31, 2022 Number of shares	March 31, 2022 Amount	March 31, 2021 Number of shares	March 31, 2021 Amount
Authorised share capital				
Equity shares of Rs. 10 each *	12,00,00,000	12,000.00	16,50,00,000	16,500.00
Preference share of Rs. 100 each	2,20,00,000	22,000.00	–	–
	14,20,00,000	**34,000.00**	**16,50,00,000**	**16,500.00**

* During the year, the Company has re-classed its Authorised share capital from Equity share capital of INR 4,500 to Preference share of Rs. 100 each

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Issued, subscribed and fully paid up shares

	March 31, 2022		March 31, 2021	
Particulars	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each	12,00,00,000	12,000.00	5,00,00,000	5,000.00
9% Cumulative, non convertible, redeemable Preference share of Rs. 100 each ("preference shares")	30,00,000	3,000.00	–	–
Less: Disclosed under Long term borrowing (refer note no. 14)	–	(3,000.00)	–	–
	–	**12,000.00**	–	**5,000.00**

a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	March 31, 2022		March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the beginning of the year	5,00,00,000	50,000.00	–	`–
Issued during the year	7,00,00,000	70,000.00	5,00,00,000	5,000.00
Outstanding at the end of the year	**12,00,00,000**	**1,20,000.00**	**5,00,00,000**	**5,000.00**
Preference shares				
At the beginning of the year	–	–	–	–
Issued during the year	30,00,000	3,000.00	–	–
Outstanding at the end of the year	**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, 2022 Amount	March 31, 2021 Amount
ITC Limited, Holding Company		
120,000,000 (March 31, 2021: 50,000,000) Equity shares of Rs. 10/- each fully paid	12,000.00	5,000.00
3,000,000 (March 31, 2021: Nil) Preference shares of Rs. 100/- each fully paid	3,000.00	-

d) Details of shareholders holding more than 5% shares in the company

	March 31, 2022		March 31, 2021	
Name of the shareholder	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10 each fully paid				
ITC Limited, Holding Company	12,00,00,000	100.00%	5,00,00,000	100.00%
9% Cumulative, non convertible, redeemable				
Preference share of Rs. 100 each				
ITC Limited, Holding Company	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, 2022		March 31, 2021	
Name of the shareholder	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10 each fully paid				
ITC Limited, Holding Company	12,00,00,000	100.00%	5,00,00,000	100.00%
9% Cumulative, non convertible, redeemable Preference share of Rs. 100 each				
ITC Limited, Holding Company	30,00,000	100.00%	–	–

11. Other equity

Particulars	March 31, 2022	March 31, 2021
Retained earnings		
Balance, at the beginning of the year	(126.46)	–
Add: Loss for the year	(128.64)	(126.46)
Total Other comprehensive income for the year	–	–
Balance at the end of the year	**(255.10)**	**(126.46)**

12. Trade Payables

Particulars	March 31, 2022	March 31, 2021
- Total outstanding dues to micro enterprises and small enterprises	–	–
- Total outstanding dues to creditors other than micro enterprises and small enterprises	8.11	–
	8.11	–

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Micro, Small and Medium enterprises ("MSME")

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days during the period and also as at March 31, 2022. 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.

Aging schedule as at March 31, 2022

Particulars	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**

Aging schedule as at March 31, 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	–	–	–	–	–
(ii) Others	–	–	–	–	–
(iii) Disputed dues - MSME	–	–	–	–	–
(iv) Disputed dues - Others	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**

13. Other financial liabilities

Particulars	March 31, 2022	March 31, 2021
Non-current		
Payable to holding company (Refer Note 23)	3.52	1.68
	3.52	**1.68**
Current		
Employee related payables	64.07	24.55
Payable to capital creditors	2,364.40	125.12
Other payables	1.50	1.00
Payable to holding company (Refer Note 23)	141.57	13.05
Provision for preference dividend	17.01	–
	2,588.55	**163.72**

14. Long-term borrowings

Particulars	March 31, 2022	March 31, 2021
9% Cumulative, non convertible, redeemable Preference share of Rs. 100 each (refer note no. 10)	3,000.00	–
	3,000.00	–

These redeemable preference shares have been considered as borrowing in view of the presentation requirement under Ind AS 32 on Financial Instruments - Presentation

Breakup of Financial liabilities

Particulars	March 31, 2022	March 31, 2021
at Amortised cost		
Employee related payables	64.07	24.55
9% Cumulative, non convertible, redeemable Preference share of Rs. 100 each	3,000.00	–
Payable to capital creditors	2,364.40	125.12
Other payables	1.50	1.00
Payable to holding company	145.09	14.73
Provision for preference dividend	17.01	–
	5,592.07	**165.40**

15. Other current liabilities

Particulars	March 31, 2022	March 31, 2021
Current		
Statutory Liabilities	63.60	36.76
	63.60	**36.76**

16. Provisions

Particulars	March 31, 2022	March 31, 2021
Provision for Employee Benefits		
- Gratuity	0.70	0.13
	0.70	**0.13**

17. Other income

Particulars	For the year ended March 31, 2022	For the period from July 09, 2020 to March 31, 2021
Gain arising on financial assets mandatorily measured at FVTPL	42.94	0.20
	42.94	**0.20**

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18. **Other expenses**

Particulars	For the year ended March 31, 2022	For the period from July 09, 2020 to March 31, 2021
Rates and taxes	125.69	116.34
Bank Charges	0.22	0.03
Information technology services	0.20	0.64
Rent on building	0.58	0.34
Warehousing charges	2.07	–
Insurance	1.04	–
Legal, Professional and Consultancy Expenses	1.80	–
Maintenance and upkeep	1.61	–
Printing and stationery	0.84	–
Miscellaneous expenses	1.70	–
Auditors' remuneration		
- Statutory audit fees	1.00	1.00
- Tax audit	0.50	–
- certification charges	0.20	–
Preliminary expenses	–	8.88
	137.45	**127.23**

19. **Employee benefit expenses**

Particulars	For the year ended March 31, 2022	For the period from July 09, 2020 to March 31, 2021
Salaries and wages (including salaries of deputation from Holding Company)	20.76	–
	20.76	**–**

20. **Tax expense**

Particulars	For the year ended March 31, 2022	For the period from July 09, 2020 to March 31, 2021
A. Current tax	–	–
B. Deferred tax	0.05	1.37
	0.05	**1.37**

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, 2022	For the period from July 09, 2020 to March 31, 2021
Loss before tax	(128.69)	(127.83)
Income Tax expense calculated @ 17.16%	(22.08)	(21.94)
Effect of Expenses not allowed	21.50	19.96
Others	0.53	0.60
Income Tax recognised in profit or loss	**(0.05)**	**(1.37)**

21. **Earnings per share (EPS)**
The following reflects the profit and share data used in the basic EPS computations:

	For the year ended March 31, 2022	For the period from July 09, 2020 to March 31, 2021
Loss after tax	(128.64)	(126.46)
Weighted average number of equity shares of Rs. 10 each outstanding during the year	833,34,247	37,66,917
Earning per share - Basic and Diluted (Rs.)	(0.15)	(3.36)

22. **Capital commitments**

Particulars	March 31, 2022	March 31, 2021
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	12,202.25	10,011.12
	12,202.25	**10,011.12**

23. **Related party disclosures**
Names of related parties and description of relationship:

(a)	Holding Company	ITC Limited
(b)	Enterprises under common control	Russell Credit Limited
(c)	Key Management Personnel	Mr. Sivakumar Surampudi - Chairman & Non-Executive Director
		Mr. Sanjiv Rangrass - Non-Executive Director
		Mr. Ashit Kumar - Non-Executive Director
		Mr. Habbela Narasimhaiah Ramaprasad - Non-Executive Director
		Mr. Sunil Nair - Manager (w.e.f May 05, 2021)
		Ms. Bushra - Chief Financial Officer (w.e.f May 05, 2021)
		Mr. Debanjan Sarkar - Company Secretary (w.e.f January 20, 2022)
		Mr. Shubhradip Bose - Company Secretary (upto December 14, 2021)

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B. Summary of transactions with the above related parties is as follows:

	For the year ended March 31, 2022	For the period from July 09, 2020 to March 31, 2021
a) **Holding Company**		
ITC Limited		
Allotment of equity shares	7,000.00	5,000.00
Allotment of preference shares	3,000.00	–
Purchase of products	–	1.48
Lease rental expense	58.59	32.92
Remuneration of managers on deputation reimbursed	277.87	100.41
Purchase of assets	–	1,262.18
Purchase of Services	498.13	258.56
Expenses reimbursed	29.52	12.35
b) Enterprises under common control		
Russell Credit Limited		
Loan Taken	–	900.00
Interest on Loan paid	–	29.38
Loan Repaid	–	900.00
c) Key Managerial Personnel		
Salaries	102.32	–

C. Disclosure of outstanding balances:	As at March 31, 2022	As at March 31, 2021
Others payables - ITC Limited	150.05	14.73

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.

24. 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 28 for the Company's Debt Equity Ratio.

b. Categories of Financial Instrument

	As at March 31, 2022		As at March 31, 2021	
Particulars	**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	904.96	904.96	1,063.93	1,063.93
b) Measured at amortised cost				
Cash and cash equivalents	10.04	10.04	93.95	93.95
Other Financial Assets	3.49	3.49	4.13	4.13
B. Financial Liabilities				
Measured at amortised cost				
Other Financial Liabilities	2,592.07	2,592.07	165.41	165.41
Lease Liabilities	814.29	814.29	790.12	790.12
Long term borrowings	3,000.00	3,000.00	–	–
Trade payables	8.11	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.

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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	**2,592.07**	**742.95**	**3,335.02**
Less than 3 months	1,877.05	–	1,877.05
More than 3 months up to 6 months	421.77	–	421.77
More than 6 months up to 1 year	289.73	–	289.73
More than 1 year	3.52	742.95	746.47
Total	**2,592.07**	**742.95**	**3,335.02**

* 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.

25. 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:

Financial Asset	Fair Value Hierarchy	Valuation Techniques	Fair Value as at March 31, 2022	Fair Value as at March 31, 2021
Investments in Mutual Funds	Level 1	Net Asset Value as declared by the Fund / quoted prices in active markets	904.96	1,063.93

26. Share Based Payment

The eligible employees deputed from ITC Limited (ITC), the holding company, 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 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 ₹ 3.06 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, 2022 No. of Options	As at March 31, 2021 No. of Options
Outstanding at the beginning of the year	13,908	–
Add: Granted during the year	600	–
Less: Lapsed during the year	4,534	–
Add / (Less): Movement due to transfer of employees from ITC	–	13,908
Outstanding at the end of the year	9,974	13,908
Options exercisable at the end of the year	9,374	13,908
Options Vested and Exercisable during the year	–	859

27. 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

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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:

The Company has considered the possible effects that may arise out of the 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 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.

28. Ratio analysis and its element

Ratio

Particulars	Reasons for variance of more than 25% in above ratios	March 31, 2022	March 31, 2021	% Change
Current ratio	The decrease is due to increase in scale of project operations in the current year.	1.21	6.37	-81%
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 .	26%	-	100%
Return on Investment	The Company has invested the temporary fund received during the year for higher number of days as compared to previous year resulting to increase in return.	5%	0%	1327%

Element of Ratio

Ratio	Period	Numerator		Denominator	
Current Ratio	March 31, 2022	Current Assets	3,210.33	Current Liabilities	2,660.26
	March 31, 2021		1,276.68		200.48
Debt- Equity Ratio	March 31, 2022	Debt (borrowings)	3,000.00	Total Equity	11,744.90
	March 31, 2021		-		4,873.54
Return on Investment	March 31, 2022	Gain arising on financial assets mandatorily measured at FVTPL	45.28	Current Investment	904.96
	March 31, 2021		3.73		1,063.93

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

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

Atin Bhargava
Partner
Membership No.: 504777
Place : Hyderabad
Date : April 25, 2022

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, 2022

Ashit Kumar
Director
DIN No.: 08786753
Place: Guntur
Date : April 25, 2022

Debanjan Sarkar
Company Secretary
M. No.: A31527
Place: Kolkata
Date : April 25, 2022

Bushra
Chief Financial Officer
Place: Mysore
Date : April 25, 2022

DIRECTORS REPORT

Your Directors are pleased to submit their Report and the Audited Accounts of your Company for the year ended 31st Asadh, 2078 (15th July, 2021).

SOCIO-ECONOMIC AND REGULATORY ENVIRONMENT

The impact of the COVID-19 pandemic continued to weigh on the country's socio-economic environment during the year under review. The economy, which was showing signs of gradual recovery on the back of easing of the pandemic induced restrictions from October, 2020, was once again severely impacted due to lockdowns and other restrictions imposed since April, 2021 in a bid to control the second wave of COVID-19 infections. Consequently, GDP growth for the financial year ending mid-July 2021, is estimated to be lower at appx. 2.3%[1] compared to the earlier projection of 4.0%[2]. On the external account,the trade deficit for the year widened by 27.3% to NRs. 1398.7 (₹ 874.19) billion with imports and exports growing by 28.7% and 44.4% respectively. Balance of Payments, however, stood at a surplus of NRs. 1.2 (₹ 0.75) billion, aided by robust inward remittances.

While the intensity of the second wave of COVID-19 cases has receded and there is gradual pick-up in economic activities since July, 2021, the pace of growth is unlikely to accelerate significantly in the near term given that critical sectors such as travel and tourism are likely to witness a protracted recovery. Expeditious roll out and execution of the vaccination programme remain crucial to bolster economic activity in the near term.

The Government has taken proactive steps to gear up the health infrastructure to mitigate risks of any future outbreaks and has also announced a series of measures to support individuals and businesses impacted by the pandemic. These include tax holidays, cash transfers to families impacted by COVID-19, extension of deadlines for payment of loans, subsidized interest on loans, and refinance facilities. While such measures are expected to support the revival of economic activity in the near term, structural reforms and policy interventions are called for to foster sustained economic growth. As reported in earlier years, policy measures and regulations that support technology transfer,contract manufacturing, contemporary laws on intellectual property 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 industry.

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 of the Government;
- contributing around 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 rendered even more challenging with the steep increase in duties in recent years. It is pertinent to note that taxes on cigarettes have more than doubled across all segments and more than trebled in the Plains segment over the last five years. Consequently, tax incidence on cigarettes is currently substantially higher than that on other tobacco products such as gutkha, khaini, bidi etc. Such steep increase in taxes/duties in quick succession has adversely impacted the legal cigarette industry in Nepal and driven consumption of tobacco to other moderately taxed/tax-evaded forms of tobacco products, including illegal cigarettes, chewing tobacco, gutkha, zarda 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. This clearly evidences the shift of consumption from cigarettes to other revenue inefficient forms of tobacco products. 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 largely in the unorganized sector, 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 provided a fillip to illicit cigarette trade resulting in proliferation of counterfeit and smuggled products in the country. Legal cigarettes[3] in Nepal are one of the most expensive in the world. The sharp increase in tax incidence on cigarettes as stated above, has created an extremely lucrative arbitrage opportunity for trade in illicit cigarettes in the country, which are available in the market at considerably lower prices compared to legal tax-paid cigarettes. Markets, particularly in Terai region and Kathmandu, have been flooded with smuggled international brands and counterfeits of domestic brands. This has emerged as a serious threat to the domestic legal cigarette industry and is adversely impacting revenue collections and undermining the tobacco control policies of the Government, as well as the tobacco farmers who are dependent on this sector for their livelihood. 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. 800 (₹ 500) 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 as aforestated, Nepal has one of the most stringent tobacco regulatory frameworks in the world. As per the provisions of the Tobacco Products Control and Regulation Act, 2068 (TOPCA), cigarette packets are required to carry Graphic Health Warnings (GHW) covering at least 75% of the total surface area of the cigarette packet as against the requirement of printing health warnings on the principal display area (front and back) prevalent in most countries. This unique requirement translates to the GHW covering the entire principal display area of the cigarette packet, thereby impeding the legal cigarette industry from providing comprehensive brand information on the cigarette packet and depriving consumers the opportunity of making fully informed choices across brands. The consequential commoditization of the market, making price the prime driver of consumer choice, 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.

It is pertinent to note that even countries that account for significantly larger share of global cigarette consumption, viz. China and Japan, have not adopted graphical health warnings and have instead prescribed only text-based warnings on cigarette packets. 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 already large GHW mandated under law, the Ministry of Health issued a new Directive in Kartik'71 (November, 2014) which, inter alia, requires manufacturers to print multiple pictorial warnings and message warnings on at least 90% of the total surface area of the cigarette packet. The pictures and warning messages provided in the proposed Directive are even more egregious, gruesome and exaggerated than the existing GHW and appear to be designed to shock, as opposed to factually inform the consumer. 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

[1] Source: Asian Development Bank report dated 3rd September, 2021

[2] Source: Projections by Government of Nepal dated 30th April, 2021

[3] WHO Report on Global Tobacco Epidemic 2021; measured in terms of per capita GDP required to purchase 2000 cigarettes of the most sold brand

be noted that international experience indicates that extreme regulations do not reduce demand for tobacco, but merely shift it from the legal to illegal tobacco products of suspect quality, thereby undermining public health objectives.

As reported in earlier years, the new Directive on GHW has been challenged by industry players, including your Company, before the Supreme Court. Pending the Supreme Court's verdict on the matter, as per the direction from the Ministry of Industry, the implementing agency under TOPCA, your Company continues to print 75% GHW on cigarette packages manufactured by it.

Tobacco control is a matter that falls under health policy, which as per the Constitution is within the exclusive jurisdiction of the Federal Government. However, in addition to the TOPCA enacted by the Federal Government of Nepal (Federal TOPCA), 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.

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

Your Company's performance during the year remained impacted by the COVID-19 pandemic. The steep increase in taxes on cigarettes for the second year in succession exacerbated the situation.

For the year ended 31st Asadh, 2078, your Company posted Gross Revenue of NRs. 3,943 (₹ 2,464) crores against NRs. 3,670 (₹ 2,294) crores during the previous year. Profit for the year (after tax expense) stood at NRs. 942 (₹ 589) crores (previous year: NRs. 985 (₹ 616) crores). Earnings per share for the year stood at NRs. 467 (₹ 292) (previous year: NRs. 489 (₹ 306)). Net cash flows from operations aggregated NRs. 885 (₹ 553) crores compared to NRs. 804 (₹ 503) crores in the previous year.

CONTRIBUTION TO THE EXCHEQUER

Your Company ranks among the top contributors 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. 2,591 (₹ 1,619) 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.

DIVIDEND

The Board of Directors declared an Interim Dividend of NRs. 78 (₹ 48.75) per Ordinary Share for the year ended 31st Asadh, 2078. The total cash outflow on this account would be NRs. 157.25 (₹ 98.28) crores.

Your Board has also recommended a Final Dividend of NRs. 389 (₹ 243.13) per Ordinary Share, which if approved, will take the total Dividend for the year to NRs. 467 (₹ 291.88) per Ordinary Share. The total cash outflow on this account would be NRs. 784.22 (₹ 490.14) crores.

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**

  Steep increase in tax incidence of 45% in the past 18 months on the legal cigarette industry, coupled with the adverse economic impact due to the COVID-19 pandemic, rendered the operating environment extremely challenging during the year. Notwithstanding the same, your Company reinforced its market standing by leveraging its robust portfolio of offerings, superior product quality, and a deep and wide distribution network. Differentiated and innovative portfolio interventions under the Surya and Shikhar trademarks received encouraging response. Amidst the market disruptions caused by the pandemic, availability of your Company's products was ensured leveraging its robust distribution network and long-standing relationship with trade channels.

  The manufacturing systems of your Company continued to set new benchmarks in responsiveness, quality, and productivity. The agility of the supply chain coupled with proactive scenario planning ensured continuity of manufacturing operations amidst the disturbances caused by the second wave of COVID-19 pandemic. Your Company continues to assess and mitigate supply chain risks in manufacturing by constantly monitoring and proactively addressing dynamic changes in the environment to ensure uninterrupted supply to the market.

  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. Despite a challenging operating environment as stated above, 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.

- **OTHER FMCG**

  Agarbatti

  Your Company continued to strengthen its market standing 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. The supply chain continues to be adaptive and flexible, catering to demand variations due to seasonality.

  Safety Matches

  Your Company consolidated leadership position in the Safety Matches industry during the year. The NRs. 5 (₹ 3.13) offering in the Wax segment received encouraging trade and consumer response. Interventions in mechanization of manufacturing processes resulted in improvement in operational efficiencies. The Business continued to focus on delivering superior product quality, enhancing distribution across markets leveraging the strong trade marketing and distribution capabilities of your Company.

  Branded Packaged Food Products: Confectionery

  The confectionery industry was adversely impacted during the year due to pandemic-led market disruptions and continued closure of schools and educational institutions. Your Company took suitable steps towards ensuring availability of the products under challenging circumstances.

  Manufacturing operations of confectionery products at your Company's recently commissioned facility in Biratnagar stabilized during the year. Equipped with modern technology, the facility has developed the capability of manufacturing a wide range of products comprising hard-boiled candy, deposited candy and toffee. The products have been rolled out across the nation under the Toffichoo brand licensed from ITC Ltd.

- **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 for improving the quality of domestic grades of tobacco cultivated in the country through introduction of best practices for sustainable agriculture.

  Your Company continued to export leaf tobacco produced in Nepal and efforts are being made to further scale up the Business with a view to support domestic tobacco farmers and boost the foreign exchange earnings of the country.

- **HOTELS**

  As reported last year, the Company has filed necessary applications for obtaining statutory approvals in connection with construction of a luxury hotel in Kathmandu on land owned by your Company; the same are awaited.

ENVIRONMENT HEALTH AND SAFETY (EHS)

Your Company continued to implement comprehensive Environment, Health & Safety (EHS) initiatives across all operational touch points thereby sustaining its position as a benchmark manufacturing facility in the country.

Heightened safety protocols continue at all units, with end-to-end solutions like transportation of workmen, screening, regular deep cleaning and sanitization, innovations to ensure safe distancing and strict adherence to hygiene standards. Standard Operating Procedures (SOPs) are in place to ensure safe and hygienic conditions both at the workplace as well as in the market.

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 ("FY") 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 29 (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.

Your Company's Writ Petitions were admitted by the Hon'ble Supreme Court and notices were issued to the Revenue Authorities. These Writ Petitions were contested by the Revenue Authorities on the ground of alternate remedy. These petitions were heard by the Hon'ble Supreme Court on 15th April, 2021 and have been dismissed. The effect in the financial statements (for the claims including applicable interest and fees, if any) and further legal remedies will be decided upon receipt of the detailed judgement and the grounds for such dismissal.

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 also 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.

In pursuit of continuous process improvement and de-risking, your Company during the year under review, took various initiatives like implementation of Electronic Fund Transfer (EFT) system for payments, Robotic Process Automation (RPA) in various areas of operations, digitalization of internal governance processes etc.

Your Company continues to focus on regular reviews and continuous improvement of systems, policies, and internal controls across all areas of operations to ensure that various risks associated with your Company's businesses and operations are adequately addressed and appropriate risk mitigation plans are put in place.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

Your Company, as a responsible corporate citizen, places immense emphasis on making significant contributions towards building the societal and economic capital of the nation. Towards this endeavor, your Company continued to support and invest in:

- assisting farmers in areas proximate to the Company's operating locations in creation of agri-infrastructure and vermicompost pits;
- providing training and development to farmers towards improvement in productivity and other income generating activities;
- supporting the animal husbandry sector by providing extension services covering animal breeding, health, and nutrition to drive yield improvement and higher returns for farmers;
- contributing towards improvement in quality of education in public schools in the economic vicinity of its operating locations;
- development of local public infrastructure in the catchment areas of operating locations.

Considering the urgent need for allocation of significant resources towards augmenting the country's health care infrastructure, your Company provided support to several public health institutions during the year. Support was extended to major government/community hospitals across Nepal involved in treatment of COVID-19 patients by providing ambulances and other urgent medical supplies.

Your Company installed a Pressure Swing Adsorption (PSA) oxygen plant capable of producing 350 cylinders of oxygen per day at the Civil Service Hospital, Kathmandu. Similarly, infrastructure for supply of oxygen was created at the Narayani Hospital in Birgunj. Considering the acute shortage of critical care equipment required for treatment of COVID-19, your Company provided ventilators, high flow nasal cannulas, oxygen cylinders and concentrators to major hospitals in Kathmandu, Pokhara and Birgunj area.

Your Company also contributed to the Funds established by the local governments in its operating locations towards prevention, control, and treatment of COVID-19.

EMPLOYMENT GENERATION

Your Company continues to be one of the largest employers in the country providing direct/indirect employment to more than one lakh people in the country comprising farmers, farm workers and others involved in manufacturing, distribution, and sales. Further, your Company's Agarbatti and Matches Businesses provide employment opportunities to economically disadvantaged sections of the society, especially women. Your Company's strategy of diversifying its business portfolio also complements its 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 are competitive.

Employee relations in your Company continued to be harmonious. During the year under review, Long Term Agreements (LTAs) were executed with Labour Unions of both the factories.

Against the backdrop of ongoing COVID-19 pandemic in the country, your Company continues to adopt all possible measures towards ensuring the safety and well-being of all employees.

Amidst disruptions in operations due to the outbreak of the pandemic, employees of your Company continued to display extraordinary resilience and deep commitment which made it possible to maintain business continuity and effectively service consumer demand. Your Directors place on record their sincere appreciation of the contribution made by the employees during the year under review.

DIRECTORS

The details of shares held by the Directors in the Company as on 31st Asadh, 2078 are annexed to this Report **(Annexure I)**. The Directors have confirmed that none of them 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 2077/78 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 and pursue opportunities for profitable and sustainable growth and looks forward to the future with optimism and confidence and stands committed to creating a brighter future for all stakeholders.

On behalf of the Board

Date: 29th September, 2021 (13th Ashwin, 2078)	**S Puri** Chairman	**B Sumant** Director	**A K Poddar** Managing Director

Annexure I

Sl. No.	Name of Director	Number of Ordinary Shares of NRs. 100 (₹ 62.5) each held singly and / or jointly as on 31st Asadh 2078 (15th July 2021)
1.	S Puri	Nil
2.	S Dutta	Nil
3.	S R Pandey	67,212
4.	R K Singhi	Nil
5.	B Sumant	Nil
6.	S SJB Rana	2,088
7.	A K Poddar	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 2077/78 (2020-21), the following amounts have been paid to the Directors:

- Board Meeting Fee - NRs. 88,235 (₹ 55,147)
- Incidental expenses - Nil

Payment to / on behalf of the Managing Director for the financial year 2077/78 (2020-21):

- Salary – NRs. 20,691,817 (₹ 12,932,386)
- Allowances – NRs. 11,205,344 (₹ 7,003,340)

The Managing Director has also been provided 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 2077/78 (2020-21):

- Salary – NRs. 34,651,483 (₹ 21,657,177)
- Allowances – NRs. 17,144,074 (₹ 10,715,046)

Some of the other Company officials, have also been provided 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 had been granted stock options in the past 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 Benefit) Regulations, 2014]. Since such 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. 1,399,907 (₹ 874,942)is attributable to Managing Director and NRs. 1,053,558 (₹ 658,474) is attributable to other officials. During the year, 3,000 options were granted to the Managing Director and 1,800 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 2077/78 (2020-21) comprising rent, electricity, fuel & water, rates & taxes, insurance premium, repairs & improvements, safety & pollution control cost, maintenance, travel & conveyance, postage, telephone, fax, bank charges, legal fees, 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. 1,401,592,955 (₹ 875,995,597).

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 31st Asadh 2078 (15th July 2021), 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 31st Asadh 2078 (15th July 2021), 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 financial year ended on 31st Asadh 2078 (15th July 2021). 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.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Revenue recognition
(Refer Note 1 "Revenue" and Note 19 of the financial statements)</td></tr>
<tr><td>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.</td><td>Our audit procedures included the following:
• Assessed the Company's accounting policies on revenue recognition in line with NAS 18 (Revenue) 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.</td></tr>
<tr><td colspan="2">Related party transactions
(refer Note 29(v) of the financial statements)</td></tr>
<tr><td>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.</td><td>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.</td></tr>
<tr><td colspan="2">Litigations – Contingencies
(refer Note 1 "claims" and "provisions" and Note 29(vi) of the financial statements</td></tr>
<tr><td></td><td>Our audit procedures included the following:</td></tr>
<tr><td>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.</td><td>• 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.</td></tr>
</table>

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 31st Asadh 2078 (15th July 2021), 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 Partner	Shashi Satyal Partner
Date: 13th Ashwin, 2078		
(29th September, 2021)	N. Amatya & Co.	T R Upadhya & Co.
Place: Kathmandu	Chartered Accountants	Chartered Accountants
	UDIN: 210929CA00034QGMpq	211004CA00008jmqb3

STATEMENT OF FINANCIAL POSITION AS AT 31ST ASADH 2078 (15TH JULY 2021)

	Note	Figures in NRs. As at 31st Asadh 2078 (15th July 2021)	Figures in ₹ As at 31st Asadh 2078 (15th July 2021)	Figures in NRs. As at 31st Asadh 2077 (15th July 2020)	Figures in ₹ As at 31st Asadh 2077 (15th July 2020)
ASSETS					
NON-CURRENT ASSETS					
a) Property, Plant and Equipment	3A	4,173,861,600	2,608,663,500	4,501,538,256	2,813,461,410
b) Capital Work-in-Progress	3B	371,380,698	232,112,936	167,991,140	104,994,463
c) Intangible Assets	3C	24,436,551	15,272,844	472,529	295,331
d) Intangible Assets under Development	3D	2,119,539	1,324,712	18,001,979	11,251,237
e) Financial Assets					
i) Loans	4	25,909,298	16,193,311	29,040,736	18,150,460
ii) Others	5	880,825	550,516	–	–
f) Deferred Tax Assets (Net)	6	154,451,328	96,532,080	146,193,997	91,371,248
g) Other Non-Current Assets	7	2,995,621,602	1,872,263,501	2,667,419,736	1,667,137,335
CURRENT ASSETS					
a) Inventories	8	6,409,458,559	4,005,911,599	5,507,168,260	3,441,980,163
b) Financial Assets					
i) Trade Receivables	9	18,179,734	11,362,334	27,242,276	17,026,423
ii) Cash and Cash Equivalents	10	120,756,862	75,473,039	63,002,876	39,376,798
iii) Other Bank Balances	11	6,264,471,508	3,915,294,693	7,822,970,123	4,889,356,327
iv) Loans	4	5,733,332	3,583,333	8,657,227	5,410,767
v) Others	5	4,192,730	2,620,456	48,817,648	30,511,030
c) Other Current Assets	7	524,170,966	327,606,854	759,195,229	474,497,018
TOTAL ASSETS		**21,095,625,132**	**13,184,765,708**	**21,767,712,012**	**13,604,820,010**
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		12,692,242,761	7,932,651,725	13,106,177,963	8,191,361,230
LIABILITIES					
NON-CURRENT LIABILITIES					
a) Provisions	13	188,819,553	118,012,221	177,333,573	110,833,482
CURRENT LIABILITIES					
a) Financial Liabilities					
i) Borrowings	14	1,398,557,780	874,098,613	1,968,037,964	1,230,023,728
ii) Trade Payables	15	1,253,442,130	783,401,331	1,387,656,234	867,285,146
iii) Other Financial Liabilities	16	1,626,517,046	1,016,573,154	1,692,334,197	1,057,708,873
b) Other Liabilities	17	1,319,388,858	824,618,036	782,859,530	489,287,206
c) Provisions	13	24,328,152	15,205,095	50,258,499	31,411,562
d) Current Tax Liabilities (Net)	18	576,328,852	360,205,533	587,054,052	366,908,783
TOTAL EQUITY AND LIABILITIES		**21,095,625,132**	**13,184,765,708**	**21,767,712,012**	**13,604,820,010**

The accompanying notes 1 to 30 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
Head of Finance

Abhimanyu Kumar Poddar
Managing Director

Siddhartha SJB Rana
Director

B Sumant
Director

S Puri
Chairman

S R Pandey
Director

S Dutta
Director

R K Singhi
Director

Nem Lal Amatya
Partner
N. Amatya & Co.
Chartered Accountants

Shashi Satyal
Partner
T R Upadhya & Co.
Chartered Accountants

Date: 13th Ashwin 2078 (29th September 2021)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST ASADH 2078 (15TH JULY 2021)

	Note	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)	Figures in NRs. For the year ended 31st Asadh 2077 (15th July 2020)	Figures in ₹ For the year ended 31st Asadh 2077 (15th July 2020)
Gross Revenue from sale of products	19	39,429,061,441	24,643,163,401	36,701,302,047	22,938,313,779
Less: Duties	20	14,983,278,656	9,364,549,160	12,258,976,464	7,661,860,290
Net Revenue from sale of products		24,445,782,785	15,278,614,241	24,442,325,583	15,276,453,489
Other Operating Revenue	21	46,607,715	29,129,822	28,304,261	17,690,163
Net Revenue from operations		24,492,390,500	15,307,744,063	24,470,629,844	15,294,143,652
Raw Materials Consumed etc.	22	6,038,224,907	3,773,890,567	5,382,230,529	3,363,894,081
Employee Benefits Expenses	23	2,255,759,356	1,409,849,598	2,342,243,737	1,463,902,336
Manufacturing, Admin, Selling Expenses etc.	24	2,495,495,423	1,559,684,643	2,526,538,516	1,579,086,573
Operating Profit		13,702,910,814	8,564,319,255	14,219,617,062	8,887,260,662
Other Income	25	492,943,496	308,089,685	719,633,795	449,771,122
Finance Cost	26	35,721,154	22,325,721	25,242,312	15,776,445
Depreciation and Amortization Expenses		613,973,451	383,733,407	664,073,761	415,046,104
Profit before Tax		13,546,159,705	8,466,349,812	14,249,934,784	8,906,209,235
Tax Expense	27	4,129,734,068	2,581,083,793	4,401,585,341	2,750,990,838
Profit for the year		9,416,425,637	5,885,266,019	9,848,349,443	6,155,218,397
Other Comprehensive Income					
(i) Items that will not be reclassified to profit or loss:					
- Remeasurements of defined benefit plans	28.a	11,027,372	6,892,108	(2,171,266)	(1,357,041)
(ii) Income tax relating to items that will not be reclassified to profit or loss	27	(3,308,211)	(2,067,632)	651,380	407,113
Other Comprehensive Income		7,719,161	4,824,476	(1,519,886)	(949,928)
Total Comprehensive Income for the year		9,424,144,798	5,890,090,495	9,846,829,557	6,154,268,469

The accompanying notes 1 to 30 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
Head of Finance

Abhimanyu Kumar Poddar
Managing Director

Siddhartha SJB Rana
Director

B Sumant
Director

S Puri
Chairman

S R Pandey
Director

S Dutta
Director

R K Singhi
Director

Nem Lal Amatya
Partner
N. Amatya & Co.
Chartered Accountants

Shashi Satyal
Partner
T R Upadhya & Co.
Chartered Accountants

Date: 13th Ashwin 2078 (29th September 2021)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST ASADH 2078 (15TH JULY 2021)

A. Equity Share Capital

Figures in NRs. | Figures in ₹

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year	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 2077 (15th July 2020)	2,016,000,000	-	2,016,000,000	1,260,000,000	-	1,260,000,000
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

B. Other Equity

Figures in NRs. | Figures in ₹

	Reserves and Surplus			Items of Other Comprehensive Income	Total	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 32nd Asadh 2076 (16th July 2019)	**108,778,401**	**2,556,108,099**	**10,484,516,040**	**(31,814,134)**	**13,117,588,406**	**67,986,501**	**1,597,567,561**	**6,552,822,530**	**(19,883,831)**	**8,198,492,761**
Profit for the year	-	-	9,848,349,443	-	9,848,349,443	-	-	6,155,218,397	-	6,155,218,397
Other Comprehensive Income (net of tax)	-	-	-	(1,519,886)	(1,519,886)	-	-	-	(949,928)	(949,928)
Total Comprehensive Income for the year	-	-	**9,848,349,443**	**(1,519,886)**	**9,846,829,557**	-	-	**6,155,218,397**	**(949,928)**	**6,154,268,469**
Interim Dividend	-	-	(1,632,960,000)	-	(1,632,960,000)	-	-	(1,020,600,000)	-	(1,020,600,000)
Final Dividend	-	-	(8,225,280,000)	-	(8,225,280,000)	-	-	(5,140,800,000)	-	(5,140,800,000)
Total	-	-	(9,890,557)	(1,519,886)	(11,410,443)	-	-	(6,181,603)	(949,928)	(7,131,531)
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**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST ASADH 2078 (15TH JULY 2021) (Contd.)

For the year ended 31st Asadh 2078 (15th July 2021), the Board of Directors of the Company at its meeting held on 13th Ashwin 2078 (29th September 2021) have:

a) declared interim dividend of NRs. 78 {₹ 48.75} per share, amounting to NRs. 1,572,480,000 {₹ 982,800,000} and

b) recommended final dividend of NRs. 389 {₹ 243.13} per share amounting to NRs. 7,842,240,000 {₹ 4,901,400,000}.

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 30 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 Head of Finance	**Abhimanyu Kumar Poddar** Managing Director	**Siddhartha SJB Rana** Director	**B Sumant** Director	**S Puri** Chairman
S R Pandey Director	**S Dutta** Director	**R K Singhi** Director	**Nem Lal Amatya** Partner N. Amatya & Co. Chartered Accountants	**Shashi Satyal** Partner T R Upadhya & Co. Chartered Accountants

Date: 13th Ashwin 2078 (29th September 2021)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST ASADH 2078 (15TH JULY 2021)

		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)	Figures in NRs. For the year ended 31st Asadh 2077 (15th July 2020)	Figures in ₹ For the year ended 31st Asadh 2077 (15th July 2020)
A Cash Flow From Operating Activities					
Profit Before Tax		13,546,159,705	8,466,349,812	14,249,934,784	8,906,209,235
Adjustments for :					
Depreciation and amortization expenses		613,973,451	383,733,407	664,073,761	415,046,101
Finance Cost		35,721,154	22,325,721	25,242,312	15,776,445
Interest on Short Term / Call Deposits		(497,909,221)	(311,193,263)	(699,427,639)	(437,142,274)
Foreign currency translations and transactions - Net		8,959,045	5,599,403	(13,365,144)	(8,353,215)
Loss / (Gain) on sale of property, plant and equipment - Net		(12,803,891)	(8,002,432)	(6,534,859)	(4,084,287)
Liability no longer required written back		(38,385,849)	(23,991,156)	(13,539,955)	(8,462,472)
Doubtful and bad advances		(340,542)	(212,839)	(6,751)	(4,219)
Operating Profit Before Working Capital Changes		13,655,373,852	8,534,608,653	14,206,376,509	8,878,985,314
Adjustments for :					
Trade Receivables, Loans, Advances and Other Assets		(80,244,925)	(50,153,078)	(663,988,708)	(414,992,942)
Inventories		(902,290,299)	(563,931,437)	(1,841,922,834)	(1,151,201,771)
Trade Payables, Other Liabilities and Provisions		350,722,783	219,201,739	632,881,699	395,551,062
Cash Generated From Operation		13,023,561,411	8,139,725,877	12,333,346,666	7,708,341,663
Income Tax Paid		(4,176,599,201)	(2,610,374,501)	(4,293,251,522)	(2,683,282,201)
Net Cash From Operating Activities	(A)	8,846,962,210	5,529,351,376	8,040,095,144	5,025,059,462
B Cash Flow From Investing Activities					
Purchase of property, plant and equipment, Intangibles etc.		(474,656,663)	(296,660,414)	(380,636,517)	(237,897,823)
Disposal of property, plant and equipment		19,549,613	12,218,508	10,425,193	6,515,746
Investment in Bank Deposits (Original Maturity more than 3 months)		(6,514,400,000)	(4,071,500,000)	(12,881,700,000)	(8,051,062,500)
Redemption / Maturity of Bank Deposits (Original Maturity more than 3 months)		8,072,900,000	5,045,562,500	12,875,200,000	8,047,000,000
Interest Received		530,075,152	331,296,970	720,177,770	450,111,106
Net Cash From Investing Activities	(B)	1,633,468,102	1,020,917,564	343,466,446	214,666,529
C Cash Flow From Financing Activities					
Interest Paid		(15,006,841)	(9,379,276)	(8,959,724)	(5,599,828)
Dividends Paid		(9,838,080,000)	(6,148,800,000)	(9,858,240,000)	(6,161,400,000)
Net Cash Used in Financing Activities	(C)	(9,853,086,841)	(6,158,179,276)	(9,867,199,724)	(6,166,999,828)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		627,343,471	392,089,664	(1,483,638,134)	(927,273,837)
Opening Cash and Cash Equivalents		(1,909,109,506)	(1,193,193,441)	(425,471,372)	(265,919,608)
Closing Cash and Cash Equivalents		(1,281,766,035)	(801,103,777)	(1,909,109,506)	(1,193,193,445)

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	(1,281,766,035)	(801,103,777)	(1,909,109,506)	(1,193,193,445)
Unrealised gain / (Loss) on foreign currency cash and cash equivalents	3,965,117	2,478,203	4,074,418	2,546,512
Current Borrowings (Note 14)	1,398,557,780	874,098,613	1,968,037,964	1,230,023,728
Cash and Cash Equivalents (Note 10)	120,756,862	75,473,039	63,002,876	39,376,795

The accompanying notes 1 to 30 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
Head of Finance

Abhimanyu Kumar Poddar
Managing Director

Siddhartha SJB Rana
Director

B Sumant
Director

S Puri
Chairman

S R Pandey
Director

S Dutta
Director

R K Singhi
Director

Nem Lal Amatya
Partner
N. Amatya & Co.
Chartered Accountants

Shashi Satyal
Partner
T R Upadhya & Co.
Chartered Accountants

Date: 13th Ashwin 2078 (29th September 2021)

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 NAS 17 - 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 NAS36 - 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 recognized 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 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 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 sales of goods is recognised when significant risks and rewards of ownership have been transferred to the customer, which is mainly upon delivery, the amount of revenue can be measured reliably and recovery of the consideration is probable.

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 recognized in the Statement of Profit or Loss and Other Comprehensive Income with a corresponding payable, when such reimbursement is sought by ITC.

Leases

Leases are recognised as a finance lease wherever 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

Rentals payable under operating leases are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the term of the relevant lease.

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 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 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.

D. 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 property, plant and equipment, intangible assets, 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. 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 these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

[Amount in NRs]

Particulars	Gross Block							Depreciation and Amortization							Net Block	
	As at 31.03.2076 (16.07.2019)	Additions	Withdrawals/ Adjustments	As at 31.03.2077 (15.07.2020)	Additions	Withdrawals/ Adjustments	As at 31.03.2078 (15.07.2021)	Upto 31.03.2076 (16.07.2019)	For the Year	On Withdrawals/ Adjustments	Upto 31.03.2077 (15.07.2020)	For the Year	On Withdrawals/ Adjustments	Upto 31.03.2078 (15.07.2021)	As at 31.03.2078 (15.07.2021)	As at 31.03.2077 (15.07.2020)
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	2,236,357,101	57,273,425	–	2,293,630,526	12,091,054	–	2,305,721,580	797,904,889	63,607,865	–	861,512,754	64,456,403	–	925,969,157	1,379,752,423	1,432,117,772
Plant and Equipment	7,596,514,411	325,754,620	77,548,578	7,844,720,453	182,723,917	–	8,027,444,370	4,792,037,210	545,582,191	76,118,954	5,261,500,447	487,272,369	–	5,748,772,816	2,278,671,554	2,583,220,006
Furniture and Fixtures	85,905,192	1,509,377	4,750,296	82,664,273	355,226	2,031,615	80,987,884	52,690,891	6,687,704	2,981,544	56,397,051	5,939,780	1,763,371	60,573,460	20,414,424	26,267,222
Vehicles	150,119,463	34,057,168	11,351,435	172,825,196	50,371,219	39,821,883	183,374,532	100,920,619	19,024,461	10,899,987	109,045,093	21,188,637	33,757,596	96,476,134	86,898,398	63,780,103
Computers	187,032,653	11,384,920	14,309,458	184,108,115	40,899,441	780,000	224,227,556	128,792,453	18,270,873	14,249,970	132,813,356	21,208,630	397,364	153,624,622	70,602,934	51,294,759
Office Equipment	119,458,638	1,943,416	2,947,447	118,454,607	3,567,250	387,287	121,634,570	70,767,880	10,742,614	2,766,425	78,744,069	10,873,222	356,732	89,260,559	32,374,011	39,710,538
Total	**10,680,535,314**	**431,922,926**	**110,907,214**	**11,001,551,026**	**290,008,107**	**43,020,785**	**11,248,538,348**	**5,943,113,942**	**663,915,708**	**107,016,880**	**6,500,012,770**	**610,939,041**	**36,275,063**	**7,074,676,748**	**4,173,861,600**	**4,501,538,256**
3B. Capital Work-in-Progress*	**330,429,445**	**226,700,046**	**389,138,351**	**167,991,140**	**441,132,901**	**237,743,343**	**371,380,698**	–	–	–	–	–	–	–	**371,380,698**	**167,991,140**
3C. Intangible Assets																
Capitalised Software	289,032,926	564,372	–	289,597,298	26,998,432	–	316,595,730	288,966,716	158,053	–	289,124,769	3,034,410	–	292,159,179	24,436,551	472,529
3D. Intangible assets under development	**9,489,998**	**9,076,353**	**564,372**	**18,001,979**	**11,115,992**	**26,998,432**	**2,119,539**	–	–	–	–	–	–	–	**2,119,539**	**18,001,979**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

[Amount in ₹]

Particulars	Gross Block							Depreciation and Amortization							Net Block	
	As at 31.03.2076 (16.07.2019)	Additions	Withdrawals/ Adjustments	As at 31.03.2077 (15.07.2020)	Additions	Withdrawals/ Adjustments	As at 31.03.2078 (15.07.2021)	Upto 31.03.2076 (16.07.2019)	For the Year	On Withdrawals/ Adjustments	Upto 31.03.2077 (15.07.2020)	For the Year	On Withdrawals/ Adjustments	Upto 31.03.2078 (15.07.2021)	As at 31.03.2078 (15.07.2021)	As at 31.03.2077 (15.07.2020)
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	1,397,723,188	35,795,891	-	1,433,519,079	7,556,909	-	1,441,075,988	498,690,556	39,754,919	-	538,445,475	40,285,252	-	578,730,727	862,345,261	895,073,604
Plant and Equipment	4,747,821,507	203,596,638	48,467,861	4,902,950,284	114,202,448	-	5,017,152,732	2,995,023,255	340,988,869	475,74,346	3,288,437,778	304,545,231	-	3,592,983,009	1,424,169,723	1,614,512,506
Furniture and Fixtures	53,690,745	943,361	2,968,935	51,665,171	222,016	1,269,759	50,617,428	32,931,807	4,179,815	1,863,465	35,248,157	3,712,363	1,102,107	37,858,413	12,759,015	16,417,014
Vehicles	93,824,664	21,285,730	7,094,647	108,015,747	31,482,012	24,888,677	114,609,082	63,075,387	11,890,288	6,812,492	68,153,183	13,242,898	21,098,498	60,297,583	54,311,499	39,862,564
Computers	116,895,408	7,115,575	8,943,411	115,067,572	25,562,151	487,500	140,142,223	80,495,283	11,419,296	8,906,231	83,008,348	13,255,394	248,353	96,015,389	44,126,834	32,059,224
Office Equipment	74,661,650	1,214,635	1,842,154	74,034,131	2,229,531	242,054	76,021,608	44,229,925	6,714,134	1,729,016	49,215,043	6,795,763	222,956	55,787,850	20,233,758	24,819,088
Total	**6,675,334,572**	**269,951,830**	**69,317,008**	**6,875,969,394**	**181,255,067**	**26,887,990**	**7,030,336,471**	**3,714,446,213**	**414,947,321**	**66,885,550**	**4,062,507,984**	**381,836,901**	**22,671,914**	**4,421,672,971**	**2,608,663,500**	**2,813,461,410**
3B. Capital Work-in-Progress*	**206,518,403**	**141,687,529**	**243,211,469**	**104,994,463**	**275,708,063**	**148,589,589**	**232,112,936**	-	-	-	-	-	-	-	**232,112,936**	**104,994,463**
3C. Intangible Assets																
Capitalised Software	180,645,579	352,733	-	180,998,311	16,874,020	-	197,872,331	180,604,198	98,783	-	180,702,981	1,896,506	-	182,599,487	15,272,844	295,331
3D. Intangible assets under development	**5,931,249**	**5,672,721**	**352,733**	**11,251,237**	**6,947,495**	**16,874,020**	**1,324,712**	-	-	-	-	-	-	-	**1,324,712**	**11,251,237**

1. The amount of expenditures recognised in the carrying amount of property, plant and equipment in the course of construction is NRs. 1,843,579 (₹ 1,152,237) (2076/77 - NRs. 38,856,653 (₹ 24,285,408)).
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.
3. * Capital Work-in-Progress includes an amount of NRs. 68,180,249 (₹ 42,612,656) (2076/77 - NRs. 66,990,266 (₹ 41,868,916)) incurred on pre-construction activities including design development work carried out in relation to construction of a luxury hotel in Kathmandu. The Company has filed application for obtaining necessary statutory approval.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 31st Asadh 2078 (15th July 2021)	Figures in ₹ As at 31st Asadh 2078 (15th July 2021)	Figures in NRs. As at 31st Asadh 2077 (15th July 2020)	Figures in ₹ As at 31st Asadh 2077 (15th July 2020)
4. LOANS				
NON-CURRENT				
Employee Loans	25,909,298	16,193,311	29,040,736	18,150,460
Total	25,909,298	16,193,311	29,040,736	18,150,460
CURRENT				
Employee Loans	5,733,332	3,583,333	8,657,227	5,410,767
Total	5,733,332	3,583,333	8,657,227	5,410,767
5. OTHER FINANCIAL ASSETS				
NON-CURRENT				
Deposits	880,825	550,516	–	–
Total	880,825	550,516	–	–
CURRENT				
Interest Accrued on				
- Call and Other Deposit with Banks	95,014	59,384	32,261,642	20,163,526
- Commercial Advances	7,597	4,747	6,900	4,312
Derivative instruments not designated as hedging instruments	3,902,185	2,438,866	12,435,323	7,772,077
Deposits	–	–	880,825	550,516
Recoverable from Holding Company	176,988	110,618	3,232,958	2,020,599
Claims Receivable	10,946	6,841	–	–
Total	4,192,730	2,620,456	48,817,648	30,511,030
6. DEFERRED TAX ASSETS /(LIABILITIES) (NET)				
Deferred Tax Assets	183,429,787	114,643,617	181,538,133	113,461,333
Less: Deferred Tax Liabilities	28,978,459	18,111,537	35,344,136	22,090,085
Deferred Tax Assets / (Liabilities) (Net)	154,451,328	96,532,080	146,193,997	91,371,248

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
2077/78								
Deferred Tax Assets in relation to:								
On Provision for Retirement and Other Employee Benefits	70,208,287	43,880,181	(2,955,764)	(1,847,353)	(3,308,211)	(2,067,632)	63,944,312	39,965,195
On Provision for Doubtful Advances	605,587	378,491	(459)	(287)	-	-	605,128	378,205
On Fiscal Allowances on Property, Plant and Equipment etc.	71,220,190	44,512,619	14,677,788	9,173,618	-	-	85,897,978	53,686,236
On Provision for Inventories	20,659,112	12,911,944	(6,521,700)	(4,076,063)	-	-	14,137,412	8,835,883
Other Timing Difference	18,844,957	11,778,098	-	-	-	-	18,844,957	11,778,098
Total Deferred Tax Assets	**181,538,133**	**113,461,333**	**5,199,865**	**3,249,915**	**(3,308,211)**	**(2,067,632)**	**183,429,787**	**114,643,617**
Deferred Tax Liabilities in relation to:								
On Overheads Allocation on Finished Goods	32,129,724	20,081,077	(3,844,368)	(2,402,730)	-	-	28,285,356	17,678,348
Other Timing Difference	3,214,412	2,009,008	(25,21,309)	(1,575,818)	-	-	693,103	433,189
Total Deferred Tax Liabilities	**35,344,136**	**22,090,085**	**(6,365,677)**	**(3,978,548)**	**-**	**-**	**28,978,459**	**18,111,537**
Deferred Tax Assets / (Liabilities) (Net)	**146,193,997**	**91,371,248**	**115,65,542**	**7,228,463**	**(3,308,211)**	**(2,067,632)**	**154,451,328**	**96,532,080**
2076/77								
Deferred Tax Assets in relation to:								
On Provision for Retirement and Other Employee Benefits	59,951,108	37,469,444	9,605,799	6,003,624	651,380	407,113	70,208,287	43,880,181
On Provision for Doubtful Advances	607,612	379,757	(2,025)	(1,266)	-	-	605,587	378,491
On Fiscal allowances on Property, Plant and Equipment etc.	46,633,412	29,145,883	24,586,778	15,366,736	-	-	71,220,190	44,512,619
On Provision for Inventories	21,738,070	13,586,293	(1,078,958)	(674,349)	-	-	20,659,112	12,911,944
Other Timing Difference	15,825,391	9,890,869	3,019,566	1,887,229	-	-	18,844,957	11,778,098
Total Deferred Tax Assets	**144,755,593**	**90,472,246**	**36,131,160**	**22,581,974**	**651,380**	**407,113**	**181,538,133**	**113,461,333**
Deferred Tax Liabilities in relation to:								
On Overheads Allocation on Finished Goods	25,532,498	15,957,811	6,597,226	4,123,266	-	-	32,129,724	20,081,077
Other Timing Difference	(565,289)	(353,305)	3,779,701	2,362,313	-	-	3,214,412	2,009,008
Total Deferred Tax Liabilities	**24,967,209**	**15,604,506**	**10,376,927**	**6,485,579**	**-**	**-**	**35,344,136**	**22,090,085**
Deferred Tax Assets / (Liabilities) (Net)	119,788,384	74,867,740	25,754,233	16,096,395	651,380	407,113	146,193,997	91,371,248

The Company has tax losses of NRs. 315,157,040 (₹ 196,973,150) [2076/77 - NRs. 391,200,602 (₹ 244,500,376)] for which no deferred tax assets have been recognised. These losses will expire between financial year 2078/79 to 2084/85.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 31st Asadh 2078 (15th July 2021)	Figures in ₹ As at 31st Asadh 2078 (15th July 2021)	Figures in NRs. As at 31st Asadh 2077 (15th July 2020)	Figures in ₹ As at 31st Asadh 2077 (15th July 2020)
7. OTHER ASSETS				
NON-CURRENT				
Capital Advances	**20,984,934**	**13,115,584**	25,739,815	16,087,384
Advances other than Capital Advances				
- Commercial Advances to Holding Company	**2,890,930,235**	**1,806,831,397**	2,562,847,488	1,601,779,680
- Security Deposits				
- With Statutory Authorities	**75,413,892**	**47,133,683**	70,539,892	44,087,433
- Others	**8,292,541**	**5,182,837**	8,292,541	5,182,838
Total	**2,995,621,602**	**1,872,263,501**	2,667,419,736	1,667,137,335
CURRENT				
Commercial Advances				
- Green Leaf bought from Tobacco Farmers (net of loan disbursed by Bank)	**397,260**	**248,287**	8,700,646	5,437,903
- Other Goods and Services	**8,901,796**	**5,563,623**	14,285,851	8,928,657
Advance with Statutory Authorities	**41,628,476**	**26,017,798**	274,529,665	171,581,041
Deposit with Statutory Authorities	**297,073,933**	**185,671,208**	297,960,318	186,225,199
Employee Advances	**510,707**	**319,192**	608,843	380,527
Unexpired Expenses	**131,858,407**	**82,411,504**	134,464,301	84,040,188
Margin Money Deposit	**43,800,387**	**27,375,242**	28,645,605	17,903,503
Total	**524,170,966**	**327,606,854**	759,195,229	474,497,018
8. INVENTORIES				
(At lower of cost and net realisable value)				
Raw Materials (including in-transit)	**2,052,293,047**	**1,282,683,153**	2,248,470,187	1,405,293,867
Stock - In - Process	**242,116,699**	**151,322,937**	133,578,858	83,486,786
Finished Goods	**3,878,753,116**	**2,424,220,698**	2,887,371,852	1,804,607,408
Stores and Supplies (including in-transit)	**236,295,697**	**147,684,811**	237,747,363	148,592,102
Total	**6,409,458,559**	**4,005,911,599**	5,507,168,260	3,441,980,163
The above includes goods in transit as under				
Raw Materials	**107,628,731**	**67,267,956**	227,843,765	142,402,353
Stores and Supplies	**2,367,012**	**1,479,383**	11,627,259	7,267,037
Total	**109,995,743**	**68,747,339**	239,471,024	149,669,390

The cost of inventories recognised as an expense includes NRs. 2,639,400 {₹ 1,649,625} (2076/77: NRs. 1,158,181{₹ 723,863}) in respect of write-downs of inventory to net realisable value.

9. TRADE RECEIVABLES				
Secured, considered good	**869,889**	**543,681**	2,501,618	1,563,512
Unsecured, considered good	**17,309,845**	**10,818,653**	24,740,658	15,462,911
Doubtful	**–**	**–**	339,012	211,883
Less: Allowance for doubtful receivables	**–**	**–**	(339,012)	(211,883)
Total	**18,179,734**	**11,362,334**	27,242,276	17,026,423
10. CASH AND CASH EQUIVALENTS*				
Cash on Hand	**30,000**	**18,750**	30,000	18,750
Balances with Banks				
- Current Accounts	**22,875,681**	**14,297,301**	1,458,814	911,759
Short Term - Call Deposits	**97,851,181**	**61,156,988**	61,514,062	38,446,289
Total	**120,756,862**	**75,473,039**	63,002,876	39,376,798

* 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 *	**6,264,400,000**	**3,915,250,000**	7,822,900,000	4,889,312,500
Earmarked Balance (Savings Account - Provident Fund)	**71,508**	**44,693**	70,123	43,827
Total	**6,264,471,508**	**3,915,294,693**	7,822,970,123	4,889,356,327

* 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 31st Asadh 2078 (15th July 2021)	Figures in ₹ As at 31st Asadh 2078 (15th July 2021)	Figures in NRs. As at 31st Asadh 2077 (15th July 2020)	Figures in ₹ As at 31st Asadh 2077 (15th July 2020)
12. EQUITY SHARE CAPITAL				
Authorised				
180,000,000 (2076/77 - 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 (2076/77 - 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	–
At the end of the year	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.

13. PROVISIONS				
NON-CURRENT				
Provision for Retirement and Other Employee Benefits [Refer Note 28]				
Retirement Benefits	78,480,358	49,050,224	80,670,449	50,419,029
Other Benefits	110,339,195	68,961,997	96,663,124	60,414,453
Total	188,819,553	118,012,221	177,333,573	110,833,482
CURRENT				
Provision for Retirement and Other Employee Benefits				
Retirement Benefits	4,460,186	2,787,616	30,949,809	19,343,631
Other Benefits	19,867,966	12,417,479	19,308,690	12,067,931
Total	24,328,152	15,205,095	50,258,499	31,411,562
14. BORROWINGS (CURRENT)				
Secured				
Overdrafts / Other Demand Loans from Banks*	1,398,557,780	874,098,613	1,968,037,964	1,230,023,728
Total	1,398,557,780	874,098,613	1,968,037,964	1,230,023,728

* 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.

15. TRADE PAYABLES (CURRENT)				
Trade Payables for Goods and Services				
- Holding Company	855,033,506	534,395,941	938,748,160	586,717,600
- Others	398,408,624	249,005,390	448,908,074	280,567,546
Total	1,253,442,130	783,401,331	1,387,656,234	867,285,146
16. OTHER FINANCIAL LIABILITIES (CURRENT)				
Payable for Property, Plant and Equipment	56,021,131	35,013,207	33,803,280	21,127,050
Retention Money				
– For Property, Plant and Equipment	34,124,036	21,327,523	31,239,774	19,524,859
– Others	4,700,572	2,937,857	1,978,374	1,236,484
Payable for Employee Benefits	15,871,747	9,919,842	30,241,522	18,900,951
Provision for Employee's Bonus under The Bonus Act, 2030				
– Distribution by Company	289,454,540	180,909,088	287,604,736	179,752,960
– Deposit with Welfare Funds established under The Labour Act	850,972,021	531,857,513	907,004,946	566,878,091
– Deposit with National Level Welfare Fund established by Govt. of Nepal	364,702,295	227,938,934	388,716,405	242,947,753
Security Deposits from Customers	7,469,000	4,668,125	7,119,000	4,449,375
Interest Accrued but not due on current borrowings	74,378	46,486	–	–
Others (derivatives not designated as hedging instrument)	3,127,326	1,954,579	4,626,160	2,891,350
Total	1,626,517,046	1,016,573,154	1,692,334,197	1,057,708,873
17. OTHER LIABILITIES (CURRENT)				
Advances received from Customers	782,803,030	489,251,894	286,296,052	178,935,032
Statutory Liabilities	215,294,435	134,559,022	164,517,711	102,823,569
Provision for Corporate Social responsibility	269,292,530	168,307,831	283,747,449	177,342,156
Others	51,998,863	32,499,289	48,298,318	30,186,449
Total	1,319,388,858	824,618,036	782,859,530	489,287,206
18. CURRENT TAX LIABILITIES (NET)				
Provision for Income Tax	4,649,133,895	2,905,708,685	4,842,234,209	3,026,396,381
Less: Advance Tax paid / Withholding Tax deducted	(4,072,805,043)	(2,545,503,152)	(4,255,180,157)	(2,659,487,598)
Total	576,328,852	360,205,533	587,054,052	366,908,783

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. For the Year 31st Asadh 2078 (15th July 2021)	Figures in ₹ For the Year 31st Asadh 2078 (15th July 2021)	Figures in NRs. For the Year 31st Asadh 2077 (15th July 2020)	Figures in ₹ For the Year 31st Asadh 2077 (15th July 2020)
19. GROSS REVENUE FROM SALE OF PRODUCTS				
FMCG				
- Cigarettes	38,917,441,344	24,323,400,840	36,240,315,600	22,650,197,249
- Branded Packaged Food Products	53,356,603	33,347,877	23,077,102	14,423,189
- Others (Agarbatti, Safety Matches, Apparel)	421,817,689	263,636,056	416,240,299	260,150,187
Others				
- Unmanufactured Tobacco	36,445,805	22,778,628	21,669,046	13,543,154
Total	39,429,061,441	24,643,163,401	36,701,302,047	22,938,313,779
20. DUTIES				
Excise Duty	10,471,603,803	6,544,752,377	9,911,263,835	6,194,539,897
Health Risk Tax	4,401,626,000	2,751,016,250	2,244,168,775	1,402,605,484
Sticker Charges	110,048,853	68,780,533	103,543,854	64,714,909
Total	14,983,278,656	9,364,549,160	12,258,976,464	7,661,860,290
21. OTHER OPERATING REVENUE				
Liability no longer required written back	38,385,849	23,991,156	13,539,955	8,462,472
Provision for doubtful advance / debts written back	340,542	212,839	6,751	4,219
Miscellaneous Income	7,881,324	4,925,827	14,757,555	9,223,472
Total	46,607,715	29,129,822	28,304,261	17,690,163
22. RAW MATERIALS CONSUMED ETC.				
Leaf and Casing Materials	3,121,742,555	1,951,089,098	2,852,702,193	1,782,938,870
Wrapping Materials	2,545,503,955	1,590,939,972	2,234,851,220	1,396,782,013
Purchases and Contract Manufacturing Charges	340,636,911	212,898,069	312,867,897	195,542,436
Sugar, Liquid Glucose, Laminates, Jar etc.	24,631,671	15,394,794	24,047,133	15,029,458
Fabrics, Trims etc.	-	-	2,553,863	1,596,164
	6,032,515,092	3,770,321,933	5,427,022,306	3,391,888,941
Allocation of overheads etc. on Finished Goods (manufactured)				
Opening	182,483,093	114,051,933	137,691,316	86,057,073
Closing	(176,773,278)	(110,483,299)	(182,483,093)	(114,051,933)
Total	6,038,224,907	3,773,890,567	5,382,230,529	3,363,894,081
23. EMPLOYEE BENEFITS EXPENSES				
Salaries, Wages and Allowances	664,770,839	415,481,774	662,647,378	414,154,612
Contribution to Provident and Other Funds	27,027,385	16,892,116	27,730,379	17,331,487
Provision for Retirement Benefits {Refer (I) of Note 28.a}	26,503,771	16,564,857	27,910,391	17,443,994
Cost of Stock Option Reimbursable	2,748,088	1,717,555	12,362,432	7,726,520
Labour and Staff Welfare	29,580,417	18,487,761	28,267,070	17,666,919
Provision for Employees' Bonus	1,505,128,856	940,705,535	1,583,326,087	989,578,804
Total	2,255,759,356	1,409,849,598	2,342,243,737	1,463,902,336
24. MANUFACTURING, ADMIN, SELLING EXPENSES ETC.				
Hired Machine Expenses	62,614,181	39,133,863	66,459,492	41,537,183
Rent	69,159,461	43,224,663	68,202,910	42,626,819
Electricity, Fuel and Water	102,918,065	64,323,791	115,384,322	72,115,201
Rates and Taxes	7,263,139	4,539,462	25,807,257	16,129,536
Insurance Premium	118,369,773	73,981,108	115,373,837	72,108,648
Repairs and Improvements - Depreciable Assets	172,214,400	107,634,000	158,997,369	99,373,356
Maintenance - Owned Properties	7,394,229	4,621,393	9,791,298	6,119,561
Maintenance - Other Properties	9,218,303	5,761,439	5,382,744	3,364,215
Safety and Pollution Control Cost	27,568,883	17,230,552	30,217,885	18,886,178
Consumption of Stores and Spare Parts *	31,307,102	19,566,939	47,429,965	29,643,728
Freight and Handling charges	60,716,332	37,947,708	65,655,352	41,034,595
Product and Packaging Development - Tools / Accessories	39,159,547	24,474,717	6,696,367	4,185,229
Product Development and License Fees	615,325,374	384,578,359	614,501,546	384,063,466
Advertising	6,657,592	4,160,995	7,524,362	4,702,726
Market Research	6,457,240	4,035,775	15,328,931	9,580,582
Retail Accessories	8,036,192	5,022,620	11,769,871	7,356,169
Trade Distribution Expenses	119,006,756	74,379,223	117,749,996	73,593,748
Information Technology Services	98,739,643	61,712,277	132,304,148	82,690,093
Travel and Conveyance	46,381,861	28,988,663	59,533,366	37,208,354
Training and Recruitment Expenses	187,779	117,362	1,773,801	1,108,626
Postage, Telephone, Fax etc.	4,404,904	2,753,065	4,806,532	3,004,083
Bank Charges and Commission	4,390,198	2,743,874	4,511,723	2,819,827
Audit Fees	1,225,000	765,625	1,110,000	693,750
Legal Fees	3,189,500	1,993,438	7,929,582	4,955,989
Printing and Stationery	7,572,308	4,732,693	6,113,557	3,820,973
Consultancy Charges	566,438,710	354,024,194	518,014,984	323,759,365
Professional Service Charges and Other Fees	138,849,988	86,781,243	134,502,331	84,063,957
Business Entertainment Expenses	5,090,052	3,181,283	7,512,495	4,695,309
Promotion and Sponsorship	3,620,115	2,262,572	8,046,007	5,028,754
Board Meeting Fees	88,235	55,147	88,235	55,147
Donations	5,852,771	3,657,982	1,672,500	1,045,313
Books and Periodicals	137,680	86,050	156,297	97,686
Membership Fee	359,931	224,957	271,270	169,544
Loss / (gain) on Property, Plant and Equipment Sold / Discarded (Net)	(12,803,891)	(8,002,432)	(6,534,859)	(4,084,287)
Corporate Social Responsibility	152,033,218	95,020,761	159,931,928	99,957,455
Miscellaneous Expenses {Refer (iv) of Note 29}	6,350,852	3,969,282	2,521,115	1,575,695
Total	2,495,495,423	1,559,684,643	2,526,538,516	1,579,086,573

* Consumption of Stores and Spare Parts includes writeback of provision for obsolescence of spares NRs. 3,488,917 {₹ 2,180,573} (2076/77 - NRs. 3,596,524 {₹ 2,247,828}).

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Figures in NRs.	Figures in ₹	Figures in NRs. For the Year 31st Asadh 2078 (15th July 2021)	Figures in ₹ For the Year 31st Asadh 2078 (15th July 2021)	For the Year 31st Asadh 2077 (15th July 2020)	For the Year 31st Asadh 2077 (15th July 2020)
25. OTHER INCOME					
Interest Income from:					
a) Deposits with bank - carried at amortised cost		**497,909,221**	**311,193,264**	699,427,639	437,142,275
b) Employee loans - measured at amortised cost		**580,453**	**362,783**	612,791	382,994
c) Others - Interest received from customers etc.		**14,350,487**	**8,969,054**	14,351,451	8,969,657
Net foreign exchange gain / (loss)		**(19,896,665)**	**(12,435,416)**	5,241,914	3,276,196
Total		**492,943,496**	**308,089,685**	719,633,795	449,771,122
26. FINANCE COST					
Interest expenses:					
a) On financial liabilities measured at amortised cost					
- Interest on Short Term Loans / Overdrafts		**10,114,656**	**6,321,660**	3,614,266	2,258,916
b) Others					
- Interest on Trading Debts		**4,966,563**	**3,104,102**	5,345,458	3,340,911
- Others		**20,639,935**	**12,899,959**	16,282,588	10,176,618
Total		**35,721,154**	**22,325,721**	25,242,312	15,776,445
27. TAX EXPENSE					
A. Amount recognised in Profit or Loss					
Current Tax		**4,137,273,101**	**2,585,795,689**	4,427,022,549	2,766,889,093
Deferred Tax		**(11,565,542)**	**(7,228,464)**	(25,754,233)	(16,096,396)
Adjustments / (credits) related to previous years - Net		**4,026,509**	**2,516,568**	317,025	198,141
Total		**4,129,734,068**	**2,581,083,793**	4,401,585,341	2,750,990,838
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		**(3,308,211)**	**(2,067,632)**	651,380	407,113
Total		**(3,308,211)**	**(2,067,632)**	651,380	407,113
C. Reconciliation between tax expense and accounting profit					
Profit before tax		**13,546,159,705**	**8,466,349,812**	14,249,934,784	8,906,209,235
Income Tax expense calculated at the applicable tax rate (Cigarettes Manufacturing @ 30%, Exports @ 24%, Other Manufacturing @ 20% and Trading @ 25%)		**4,068,159,089**	**2,542,599,432**	4,279,006,078	2,674,378,798
Factors affecting tax charge for the year					
Effects of:					
– Difference in tax treatment of certain expense		**32,954,887**	**20,596,804**	106,287,881	66,429,926
– Adjustments recognised in the current year in relation to previous years		**4,026,509**	**2,516,568**	317,025	198,141
– Unused tax losses not recognised (net)		**11,943,792**	**7,464,870**	11,487,125	7,179,453
– Others		**12,649,791**	**7,906,119**	4,487,232	2,804,520
Income Tax recognised in profit or loss		**4,129,734,068**	**2,581,083,793**	4,401,585,341	2,750,990,838

28.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.

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2077 (15th July, 2020)	
			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	13,526,459	5,189,044	8,454,037	3,243,153	14,607,624	7,761,065	9,129,765	4,850,666
	2	Past Service Cost	–	2,419,485	–	1,512,178	–	–	–	–
	3	Net Interest Cost	(227,103)	5,595,886	(141,939)	3,497,241	(183,850)	5,725,552	(114,906)	3,578,470
	4	**Total expense recognised in the Statement of Profit or Loss**	**13,299,356**	**13,204,415**	**8,312,098**	**8,252,572**	**14,423,774**	**13,486,617**	**9,014,859**	**8,429,136**

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2077 (15th July, 2020)	
			Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
			Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
	—	**Re-measurements recognised in Other Comprehensive Income**								
	5	Return on Plan Assets (excluding amount included in Net Interest Cost)	(11,158,711)	–	(6,974,194)	–	(638,738)	–	(399,211)	–
	6	Effect of Changes in demographic assumptions	(24,247)	549,911	(15,154)	343,694	(21,477)	(568,416)	(13,423)	(355,260)
	7	Effect of Changes in financial assumptions	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	(697,083)	(8,750,697)	(435,677)	(5,469,186)	13,123,469	(9,723,572)	8,202,168	(6,077,233)
	10	**Total re-measurements included in Other Comprehensive Income**	(5,084,582)	(5,942,790)	(3,177,863)	(3,714,244)	12,463,254	(10,291,988)	7,789,534	(6,432,493)
	11	**Total defined benefit cost recognised in Statement of Profit or Loss and Other Comprehensive Income (4+10)**	**8,214,774**	**7,261,625**	**5,134,235**	**4,538,328**	**26,887,028**	**3,194,629**	**16,804,393**	**1,996,643**

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 23. 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 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2077 (15th July, 2020)	
		Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
II	**Actual Returns**	25,690,597	–	16,056,623	–	13,343,565	–	8,339,728	–

III	**Net Asset/(Liability) recognised in Statement of Financial Position**									
	1	Present Value of Defined Benefit Obligation	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	Fair Value on Plan Assets	223,125,127	–	139,453,204	–	192,071,616	–	120,044,760	–
	3	Status [Surplus/(Deficit)]	(529,687)	(82,410,856)	(331,054)	(51,506,785)	(26,887,027)	(84,733,231)	(16,804,392)	(52,958,269)
	4	Restriction on Asset recognised	–	–	–	–	–	–	–	–

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
	5	Net Asset/(Liability) recognised in Statement of Financial Position	As at 31st Asadh, 2078 (15h July, 2021)		As at 31st Asadh, 2078 (15h July, 2021)		As at 31st Asadh, 2077 (15th July, 2020)		As at 31st Asadh, 2077 (15th July, 2020)	
			Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
		Gratuity	(529,687)	–	(331,054)	–	(26,887,027)	–	(16,804,392)	–
		Other Retirement Benefits	(3,930,498)	(78,480,358)	(2,456,561)	(49,050,224)	(4,062,782)	(80,670,449)	(2,539,239)	(50,419,031)

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2077 (15th July, 2020)	
			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	218,958,643	84,733,231	136,849,152	52,958,269	179,014,146	82,048,602	111,883,841	51,280,376
	2	Current Service Cost	13,526,459	5,189,044	8,454,037	3,243,153	14,607,624	7,761,065	9,129,765	4,850,666
	3	Past service cost	–	2,419,485	–	1,512,178	–	–	–	–
	4	Interest Cost	14,304,783	5,595,886	8,940,489	3,497,429	12,520,977	5,725,552	7,825,611	3,578,470
	5	Remeasurement gains / (losses):	–	–	–	–	–	–	–	–
	a	Effect of Changes in demographic assumptions	(24,247)	549,911	(15,154)	343,694	(21,477)	(568,416)	(13,423)	(355,260)
	b	Effect of Changes in financial assumptions	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	(697,083)	(8,750,697)	(435,677)	(5,469,186)	13,123,469	(9,723,572)	8,202,168	(6,077,233)
	6	Curtailment Cost / (Credits)	–	–	–	–	–	–	–	–
	7	Settlement Cost / (Credits)	–	–	–	–	–	–	–	–
	8	Liabilities assumed in business combination	–	–	–	–	–	–	–	–
	9	Exchange difference on foreign plans	–	–	–	–	–	–	–	–
	10	Benefits Paid	(29,209,200)	(9,584,000)	(18,255,750)	(5,990,000)	(286,096)	(510,000)	(178,810)	(318,750)
	11	**Present Value of DBO at the end 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**

V	Best Estimate of Employer's Expected Contribution for the next year	Figures in NRs.	Figures in ₹	Figures in NRs.	Figures in ₹
		As at 31st Asadh, 2078 (15th July, 2021)	As at 31st Asadh, 2078 (15th July, 2021)	As at 31st Asadh, 2077 (15th July, 2020)	As at 31st Asadh, 2077 (15th July, 2020)
	Gratuity	529,687	331,054	26,887,027	16,804,392

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2077 (15th July, 2020)	
			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	192,071,616	–	120,044,760	–	170,923,436	–	106,827,148	–
	2	Asset acquired in Business Combination	–	–	–	–	–	–	–	–
	3	Interest Income	14,531,886	–	9,082,429	–	12,704,827	–	7,940,517	–
	4	Remeasurement Gains / (Losses) on plan assets	11,158,711	–	6,974,194	–	638,738	–	399,211	–
	5	Actual Company Contributions	34,572,114	9,584,000	21,607,571	5,990,000	8,090,710	510,000	5,056,694	318,750
	6	Benefits Paid	(29,209,200)	(9,584,000)	(18,255,750)	(5,990,000)	(286,095)	(510,000)	(178,809)	(318,750)
	7	**Plan Assets at the end of the year**	223,125,127	–	139,453,204	–	192,071,616	–	120,044,761	–

In addition to the Plan Assets as on 31st Asadh, 2078 (15th July, 2021), an amount of NRs. 145,876,051 { ₹ 91,172,532} (2076/77 - NRs. 125,511,918 {₹ 78,444,949} [including interest of NRs. 32,891,079 {₹ 20,556,924} (2076/77 - NRs. 15,536,673) {₹ 9,710,421}], 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 31st Asadh, 2078 (15th July, 2021)	As at 31st Asadh, 2077 (15th July, 2020)
		Discount Rate (%)	Discount Rate (%)
	Gratuity	6.50%	7.00%
	Other Retirement Benefits	6.50%	7.00%

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.

VIII	Major Category of Plan Assets as a % of the Total Plan Assets		As at 31st Asadh, 2078 (15th July, 2021)	As at 31st Asadh, 2077 (15th July, 2020)
	1	Citizen Investment Trust Managed Funds*	97%	100%
	2	Social Security Fund Managed Funds*	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 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2078 (15th July, 2021)		For the year ended 31st Asadh, 2077 (15th July, 2020)		For the year ended 31st Asadh, 2077 (15th July, 2020)	
			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	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	Fair Value on Plan Assets	223,125,127	–	139,453,204	–	192,071,616	–	120,044,760	–
	3	Status [Surplus / (Deficit)]	(529,687)	(82,410,856)	(331,054)	(51,506,785)	(26,887,027)	(84,733,231)	(16,804,392)	(52,958,269)
	4	Experience Adjustment of Plan Assets [Gain / (loss)]	11,158,711	–	6,974,194	–	638,738	–	399,211	–
	5	Experience Adjustment of Obligation [(Gain) / Loss]	(697,083)	(8,750,697)	(435,677)	(5,469,186)	13,123,469	(9,723,572)	8,202,168	(6,077,233)

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 31st Asadh, 2078 (15th July, 2021)	DBO as at 31st Asadh, 2078 (15th July, 2021)	DBO as at 31st Asadh, 2077 (15th July, 2020)	DBO as at 31st Asadh, 2077 (15th July, 2020)
	1	Discount rate +100 basis points	288,263,672	180,164,795	287,049,225	179,405,766
	2	Discount rate -100 basis points	325,910,640	203,694,150	322,205,683	201,378,552
	3	Salary Increase Rate +1%	319,934,275	199,958,922	316,508,141	197,817,588
	4	Salary Increase Rate -1%	293,408,095	183,380,059	292,007,587	182,504,742

Maturity Analysis Of The Benefit Payments

	1	Year 1	44,714,212	27,946,383	46,791,537	29,244,711
	2	Year 2	22,885,078	14,303,174	30,352,303	18,970,189
	3	Year 3	30,883,623	19,302,264	21,083,627	13,177,267
	4	Year 4	35,875,615	22,422,259	28,821,279	18,013,299
	5	Year 5	23,154,654	14,471,659	34,489,687	21,556,054
	6	Next 5 Years	108,939,413	68,087,133	111,172,875	69,483,047

b. Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds" in Note 23.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

29. Additional Notes to the Financial Statements

(i) These financial statements were authorised for issue by the Board of Directors on 13th Ashwin, 2078 (29th September, 2021).

(ii) Estimated amount of contracts remaining to be executed on capital account and not provided for NRs. 325,557,702 (₹ 20,347,356) [2076/77 - NRs. 609,037,231 (₹ 380,648,269)].

(iii) Remuneration to Managing Director :

Particulars	For the year ended 31st Asadh, 2078 (15th July, 2021) In NRs.	For the year ended 31st Asadh, 2078 (15th July, 2021) In ₹	For the year ended 31st Asadh, 2077 (15th July, 2020) In NRs.	For the year ended 31st Asadh, 2077 (15th July, 2020) In ₹
Salary & Allowances	**31,897,161**	**19,935,726**	30,936,809	19,335,506
Other Benefits *	**2,785,092**	**1,740,683**	2,923,126	1,826,954
Post Employment Benefits	**	**	**	**
Total	**34,682,253**	**21,676,409**	**33,859,935**	**21,162,460**

Note:

The Managing Director and some other employees of the company had been granted stock options in the past by the Holding Company (ITC Limited) under the Employee Stock Option Scheme. Such options were granted at 'market price' [within the meaning of Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014]. Since such 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. 2,748,088 (₹ 1,717,555) for the year ended 31st Asadh, 2078 (2076/77 – NRs. 12,362,432 (₹ 7,726,520)), out of which NRs. 1,399,907 (₹ 874,942) (2076/77 – NRs. 5,134,191 (₹ 3,208,869) is attributable to the Managing Director. During the year, 3,000 options (2076/77 – nil) 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. 17,766 (₹ 11,104) [2076-77 - NRs. 149,100 (₹ 93,188)].

(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 (w.e.f. 29.07.2020)
   q) Sunrise Sheetgrah Private Limited, India (w.e.f. 27.07.2020)
   r) Hobbits International Foods Private Limited, India (w.e.f. 27.07.2020)

   Note: consequent to filing of the NCLT Order with the ROC, West Bengal and Kanpur, the Scheme for amalgamation of Hobbits International Foods Private Limited, India and Sunrise Sheetgrah Private Limited, India with ITC Limited has become effective from 12th August, 2021.
3. Associates of Holding Company
   a) Gujarat Hotels Limited, India
   b) International Travel House Limited, India
   c) Delectable Technologies Private Limited, India (w.e.f. 17.09.2020)
      – being associates of the Holding Company, and
   d) Tobacco Manufacturers (India) Limited, UK
      – of which the Holding Company is an associate

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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
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:

S Puri	Chairman & Non-Executive Director
S Kaul	Alternate Director to Mr. S Puri
B Sumant	Non-Executive Director
S Dutta	Non-Executive Director
R K Singhi	Non-Executive Director
S R Pandey	Non-Executive Director
S SJB Rana	Non-Executive Director
Saurya SJB Rana	Alternate Director to Mr. S. SJB Rana (Deceased on 28th February, 2021)
Abhimanyu Kumar Poddar	Managing Director

Disclosure of transactions between the Company and related parties and the status of outstanding balances as at 31st Asadh, 2078 (15th July, 2021):

Related Party Transactions Summary	**For the year ended 31st Asadh, 2078 (15th July, 2021) In NRs.**			For the year ended 31st Asadh, 2077 (15th July, 2020) In NRs.		
	Holding Company	**Fellow Subsidiaries**	**Key Management Personnel***	Holding Company	Fellow Subsidiaries	Key Management Personnel*
Purchase of Goods/ Services	**4,473,065,230**	**50,098,840**	-	4,712,267,262	64,694,865	-
Sitting Fees/ Incidental Expenses to Other Directors	-	-	**88,235**	-	-	111,765
Cost of Stock Option Reimbursable	**2,748,088**	-	-	12,362,432	-	-
Hired Machine Expenses	**56,257,492**	-	-	58,684,224	-	-
Dividend Payments	**5,804,467,200**	-	-	5,816,361,600	-	-
Expenses recovered	**553,076**	-	-	5,347,703	-	-
Expenses reimbursed	-	-	-	500,656	-	-
Advances Given	**2,393,871,593**	-	-	2,601,883,240	-	-
Outstanding Balances						
- Advances / Other Receivables	**2,891,107,223**	-	-	2,566,080,446	-	-
- Creditors / Payables	**855,033,506**	**30,721,260**	-	938,748,160	37,507,266	-

* also refer to Note 29(iii).

Related Party Transactions Summary	**For the year ended 31st Asadh, 2078 (15th July, 2021) In NRs.**		For the year ended 31st Asadh, 2077 (15th July, 2020) 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	**317,385**	**4,004,621**	3,000,112	365,569
Outstanding Balances				
- Creditors / Payables	-	**2,861,344**	18,897	-

Related Party Transactions Summary	**For the year ended 31st Asadh, 2078 (15th July, 2021) In ₹**			For the year ended 31st Asadh, 2077 (15th July, 2020) In ₹		
	Holding Company	**Fellow Subsidiaries**	**Key Management Personnel***	Holding Company	Fellow Subsidiaries	Key Management Personnel*
Purchase of Goods/ Services	**2,795,665,769**	**31,311,775**	-	2,945,167,039	40,434,291	-
Sitting Fees/ Incidental Expenses to Other Directors	-	-	**55,147**	-	-	69,853
Cost of Stock Option Reimbursable	**1,717,555**	-	-	7,726,520	-	-
Hired Machine Expenses	**35,160,933**	-	-	36,677,640	-	-
Dividend Payments	**3,627,792,000**	-	-	3,635,226,000	-	-
Expenses recovered	**345,673**	-	-	3,342,314	-	-
Expenses reimbursed	-	-	-	312,910	-	-
Advances Given	**1,496,169,746**	-	-	1,626,177,025	-	-
Outstanding Balances						
- Advances / Other Receivables	**1,806,942,014**	-	-	1,603,800,279	-	-
- Creditors / Payables	**534,395,941**	**19,200,788**	-	586,717,600	23,442,041	-

* also refer to Note 29 (iii).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Related Party Transactions Summary	For the year ended 31st Asadh, 2078 (15th July, 2021) In NRs.		For the year ended 31st Asadh, 2077 (15th July, 2020) 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	198,366	2,502,888	1,875,070	228,481
Outstanding Balances				
- Creditors / Payables	–	1,788,340	11,811	–

Transactions with subsidiaries of Tobacco Manufacturers (India) Limited's ultimate parent company comprise divided payments NRs. 196,761,600 {₹ 122,976,000} (2076/77 – NRs. 197,164,800 {₹ 123,228,000}).

(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. The basis for all these SCNs and demands is an untenable contention by the Revenue Authorities that the Company could have produced more cigarettes than it has actually produced in a given year, by applying an input-output ratio allegedly submitted by the Company in the year 2047-48 (1990-91) and, that, the Company is liable to pay taxes on such cigarettes that could have been theoretically produced and sold. 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 Revenue Authorities.

The Supreme Court of Nepal vide its orders dated 29th October, 2009 and 1st April, 2010 has rejected the above basis of theoretical production. In the said order of the Supreme Court of Nepal dated 1st April, 2010, the Excise demands {for the financial years 2055-56 to 2059-60 (1998-99 to 2002-03)} and Income Tax demands {for the financial year 2058-59 (2001-02)} were set aside. Citing the aforesaid decisions of the Supreme Court of Nepal, the Inland Revenue Department has, on 11th February, 2011 and 12th August, 2013 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).

Various demands and a Show Cause Notice on theoretical production for different years (as listed below) were challenged by the Company by way of writ petitions in the Supreme Court of Nepal between the years 2064- 2066 (2007 to 2010):

1. Excise demand letters and Show Cause Notice for NRs. 474,564,073 (₹ 296,602,546) relating to the financial years 2060-61 to 2064-65 (2003-04 to 2007-08).
2. 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).
3. Income Tax demand letters for NRs. 215,232,624 (₹ 134,520,390) relating to financial years 2059-60 and 2060-61 (2002-03 and 2003-04).

The Company's writ petitions were admitted by the Supreme Court of Nepal and show cause notices were issued to the Revenue Authorities. These writ petitions were contested by the Revenue Authorities on the ground of alternate remedy. These petitions were finally heard by the Supreme Court of Nepal on 15th April, 2021, and have been dismissed. The reasons for such dismissal will be known after the detailed judgement is issued and received. The effect in the financial statements (for the claims including applicable interest and fees, if any) and further legal remedies will be decided upon receipt of the detailed judgement.

b) Other demands raised on account of:

1. Income Taxes for various assessment years amounting to NRs. 153,700,133 (₹ 96,062,583) (2076/77 - NRs. 146,585,645 (₹ 91,616,028)) (net of provision made for the above assessment years) including interest on claims, where applicable, estimated to be NRs. 78,647,882 (₹ 49,154,926) (2076/77 - NRs. 72,421,985 (₹. 45,263,741)) 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. 47,536,047 (₹ 29,710,029) (2076/77 - NRs. 40,133,061 (₹ 25,083,163) including interest on claims, where applicable, estimated to be NRs. 12,095,181 (₹ 7,559,488) (2076/77 - NRs. 10,185,959 (₹ 6,366,224) 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 leasing arrangements which are not non-cancellable range between 1 year and 3 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as 'Rent' under Note 24 - Manufacturing, Selling and Administrative Expenses, etc.

(viii) 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 Benefit) Regulations, 2014. 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 recognized 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. 2,748,088 (₹ 1,717,555) (2076/77 – NRs. 12,362,432 (₹ 7,726,520)) (Refer Note 23) which represents the on-charge from ITC has been recognized as employee benefits expense with a corresponding payable, when such reimbursement is sought by ITC.

During the year, 4,800 options (2076/77 – nil) were granted to certain employee(s) seconded by the Holding Company. The total number of options outstanding stood at 196,714 options (2076/77- 274,688).

(ix) Figures have been rounded off to the nearest Nepalese Rupee.

(x) The Institute of Chartered Accountants of Nepal, on 1st Bhadra, 2077 (17th August, 2020), has notified the applicable dates of NFRS 15 'Revenue from Contracts with Customers' and NFRS 16 'Leases'. These NFRSs are applicable for financial statements pertaining to annual periods beginning on or after 1st Shrawan, 2078 (16th July, 2021). The Company expects that there will be no material impact on the financial statements resulting from the implementation of these standards.

30. 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2. Categories of Financial Instruments

Particulars	Note	Amount in NRs. As at 31st Asadh, 2078 (15th July, 2021)		Amount in ₹ As at 31st Asadh, 2078 (15th July, 2021)		Amount in NRs. As at 31st Asadh, 2077 (15th July, 2020)		Amount in ₹ As at 31st Asadh, 2077 (15th July, 2020)	
		Carrying Value	Fair Value	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	10	120,756,862	120,756,862	75,473,039	75,473,039	63,002,876	63,002,876	39,376,798	39,376,798
ii) Other Bank Balances	11	6,264,471,508	6,264,471,508	3,915,294,693	3,915,294,693	7,822,970,123	7,822,970,123	4,889,356,327	4,889,356,327
iii) Loans	4	31,642,630	19,546,378	19,776,644	12,216,486	37,697,963	24,695,150	23,561,227	15,434,469
iv) Trade Receivables	9	18,179,734	18,179,734	11,362,334	11,362,334	27,242,276	27,242,276	17,026,423	17,026,423
v) Other Financial assets	5	1,171,370	962,802	732,106	601,751	36,382,325	36,382,325	22,738,953	22,738,953
Sub - total		6,436,222,104	6,423,917,284	4,022,638,816	4,014,948,303	7,987,295,563	7,974,292,750	4,992,059,728	4,983,932,970
b) Derivatives measured at fair value									
i) Derivative instruments not designated as hedging instruments	5	3,902,185	3,902,185	2,438,866	2,438,866	12,435,323	12,435,323	7,772,077	7,772,077
Sub - total		3,902,185	3,902,185	2,438,866	2,438,866	12,435,323	12,435,323	7,772,077	7,772,077
Total financial assets		6,440,124,289	6,427,819,469	4,025,077,682	4,017,387,169	7,999,730,886	7,986,728,073	4,999,831,805	4,991,705,047
B. Financial liabilities									
a) Measured at amortised cost									
i) Borrowings	14	1,398,557,780	1,398,557,780	874,098,613	874,098,613	1,968,037,964	1,968,037,964	1,230,023,728	1,230,023,728
ii) Trade Payables	15	1,253,442,130	1,253,442,130	783,401,331	783,401,331	1,387,656,234	1,387,656,234	867,285,146	867,285,146
iii) Other financial liabilities	16	1,623,389,720	1,623,389,720	1,014,618,575	1,014,618,575	1,687,708,037	1,687,708,037	1,054,817,523	1,054,817,523
Sub - total		4,275,389,630	4,275,389,630	2,672,118,519	2,672,118,519	5,043,402,235	5,043,402,235	3,152,126,397	3,152,126,397
b) Derivatives measured at fair value									
i) Derivative instruments not designated as hedging instruments	16	3,127,326	3,127,326	1,954,579	1,954,579	4,626,160	4,626,160	2,891,350	2,891,350
Sub - total		3,127,326	3,127,326	1,954,579	1,954,579	4,626,160	4,626,160	2,891,350	2,891,350
Total financial liabilities		4,278,516,956	4,278,516,956	2,674,073,098	2,674,073,098	5,048,028,395	5,048,028,395	3,155,017,747	3,155,017,747

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 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 NRs.)

As at 31st Asadh, 2077 (15th July, 2020)	USD	EURO	GBP	Total
Financial Assets	9,898,579	8,194,201	–	18,092,780
Financial Liabilities	61,749,257	2,240,838	32,838	64,022,933

(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

(Amount in ₹)

As at 31st Asadh, 2077 (15th July, 2020)	USD	EURO	GBP	Total
Financial Assets	6,186,612	5,121,376	–	11,307,988
Financial Liabilities	38,593,286	1,400,524	20,524	40,014,333

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 31st Asadh, 2078 (15th July, 2021) Buy	As at 31st Asadh, 2078 (15th July, 2021) Sell	As at 31st Asadh, 2077 (15th July, 2020) Buy	As at 31st Asadh, 2077 (15th July, 2020) Sell
US Dollar	NRs	**1,740,960**	**244,800**	2,088,760	–
Euro	NRs	**115,795**	–	1,478,614	–
GBP	NRs	**8,450**	–	31,274	–

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The Company's Current assets aggregate to NRs.13,346,963,691 (₹ 8,341,852,307) (2076/77– NRs. 14,237,053,639 (₹ 8,898,158,524)) including Cash and cash equivalents and Other bank balances of NRs.6,385,228,370 (₹ 3,990,767,731) (2076/77–NRs. 7,885,972,999 (₹ 4,928,733,124)) against an aggregate Current liability (excluding borrowings) of NRs. 4,800,005,038 (₹ 3,000,003,149) (2076/77–NRs. 4,500,162,512 (₹ 2,812,601,570)) on the reporting date.

Further, while the Company's total equity stands at NRs.14,708,242,761(₹ 9,192,651,726) (2076/77–NRs. 15,122,177,963 (₹ 9,451,361,227)), it has borrowings of NRs. 1,398,557,780 (₹ 874,098,613)(2076/77–NRs. 1,968,037,964 (₹ 1,230,023,728)). 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.6,362,251,181(₹ 3,976,406,988) (2076/77– NRs. 7,884,414,062 {₹ 4,927,758,789}) 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. 18,179,734 (₹ 11,362,334)(2076/77– NRs. 27,242,276 {₹ 17,026,423}). 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	
	31st Asadh, 2078 (15th July, 2021)	**31st Asadh, 2077 (15th July, 2020)**
Opening Balance	**339,012**	339,012
Add: Provisions Made- Net	**–**	–
Less: Utilisation for impairment / de-recognition	**(339,012)**	–
Closing Balance	**–**	339,012

(Amount in ₹)

Particulars	Expected Loss Provision	
	31st Asadh, 2078 (15th July, 2021)	**31st Asadh, 2077 (15th July, 2020)**
Opening Balance	**211,883**	211,883
Add: Provisions Made- Net	**–**	–
Less: Utilisation for impairment / de-recognition	**(211,883)**	–
Closing Balance	**–**	211,883

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:

Particulars	Fair Value Hierarchy (Level)	Amount in NRs.	Amount in ₹	Amount in NRs.	Amount in ₹
		Fair Value	**Fair Value**	Fair Value	Fair Value
		As at 31st Asadh, 2078 (15th July, 2021)	**As at 31st Asadh, 2078 (15th July, 2021)**	As at 31st Asadh, 2077 (15th July, 2020)	As at 31st Asadh, 2077 (15th July, 2020)
A. Financial Assets					
a) Measured at amortised cost					
i) Loans *	3	**13,813,046**	**8,633,154**	16,037,923	10,023,702
ii) Other Financial Assets *	3	**672,257**	**420,161**	-	-
Sub-Total		**14,485,303**	**9,053,315**	**16,037,923**	**10,023,702**
b) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	2	**3,902,185**	**2,438,866**	12,435,323	7,772,077
Sub-Total		**3,902,185**	**2,438,866**	**12,435,323**	**7,772,077**
Total financial assets		**18,387,488**	**11,492,181**	**28,473,246**	**17,795,779**
B. Financial liabilities					
a) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	2	**3,127,326**	**1,954,579**	4,626,160	2,891,350
Total financial liabilities		**3,127,326**	**1,954,579**	**4,626,160**	**2,891,350**

* Represents Fair Value of Non-current Financial Instruments.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 Head of Finance	**Abhimanyu Kumar Poddar** Managing Director	**Siddhartha SJB Rana** Director	**B Sumant** Director	**S Puri** Chairman
S R Pandey Director	**S Dutta** Director	**R K Singhi** Director	**Nem Lal Amatya** Partner N. Amatya & Co. Chartered Accountants	**Shashi Satyal** Partner T R Upadhya & Co. Chartered Accountants

Date: : 13th Ashwin 2078 (29th September 2021)

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

1. Your Directors submit their Report for the financial year ended 31st March, 2022.

2. **COMPANY PERFORMANCE**

Your Company earned total income of ₹ 1728.89 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, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
Profits		
a. Profit Before Tax	**1,615.63**	743.68
b. Less : Tax Expense	**7.71**	13.66
c. Profit After Tax	**1,607.92**	730.02
d. Add : Other Comprehensive Income	**–**	(0.13)
e. Total Comprehensive Income	**1,607.92**	729.89
Retained Earnings		
a. At the beginning of the year	**1,323.47**	1,593.48
b. Add : Profit for the year	**1,607.92**	730.02
c. Add : Other Comprehensive Income	**–**	(0.13)
d. Less : Interim Dividend paid	**(1,599.84)**	(999.90)
e. At the end of the year	**1,331.55**	1,323.47

3. **DIVIDEND**

During the year under review, Interim Dividend of ₹ 10/- per Equity Share was declared by your Directors on 30th March, 2022. 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 ₹ 1,599.84 lakhs has been recommended by your Directors as the Final Dividend for the financial year ended 31st March, 2022.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) Changes in Directors during the year

(i) Mr. Saradindu Dutta (DIN: 00058639), consequent to his retirement from the services of ITC Limited, the Holding Company, stepped down as a Non-Executive Director of your Company with effect from 19th February, 2022. Your Directors place on record their appreciation for the contribution made by Mr. Dutta during his tenure.

(ii) The Board of Directors of your Company ('the Board') appointed Mr. Trasi Sadashiva Madhava Shenoy (DIN: 09476476) and Mr. Jagdish Singh (DIN: 00042258) as Additional Directors of the Company with effect from 31st March, 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. Shenoy and Mr. 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 meeting held on 28th April, 2022 recommended for the approval of the Members, the appointment of Mr. Shenoy and Mr. 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 appointment of Mr. Shenoy and Mr. 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.

(b) Changes in Key Managerial Personnel during the year

Ms. Swati Rampuria resigned as the Manager & Company Secretary of the Company with effect from close of work on 30th September, 2021. In terms of the provisions of Sections 196, 197 and 203 of the Act, the Board appointed Mr. Pretiush Kumar as the Manager of the Company for a period of two years with effect from 18th October, 2021, subject to the approval of the Members of the Company. Mr. Kumar was also appointed as the Company Secretary of the Company with effect from the said date.

Appropriate resolution seeking your approval to the appointment of Mr. Kumar as Manager is appearing in the Notice convening the ensuing AGM 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, Mr. Rajiv Tandon (DIN: 00042227), 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.

5. **BOARD MEETINGS**

Five meetings of the Board were held during the year ended 31st March, 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 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 2021-22 (₹ in lakhs)	FY 2020-21 (₹ in lakhs)	**FY 2021-22 (₹ in lakhs)**	FY 2021-22 (₹ in lakhs)
ATC Limited (associate company)	**2,710.79**	2,547.35	**35.39**	24.03
ITC Essentra Limited (joint venture company)	**38,883.89**	34,218.10	**4,108.95**	3,622.78

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 the **Annexure** to this Report.

The Company seeks to enhance 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 vest 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, 2022, 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, 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 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 (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 2022-23. 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

	R. TANDON	*Chairman*
Dated : 28th April, 2022	T.S.M. SHENOY	*Director*

Annexure to the Report of the Board of Directors for the financial year ended 31st March, 2022

[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 Remunera-tion (₹)	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	95,47,484/-	54,67,216/-	B. Com (Hons.), A.C.A.	14	01.01.2015	ITC Limited – Manager (Finance)
S. Rampuria@	32	Manager & Company Secretary	10,91,068/-	9,89,418/-	B. Com (Hons.), A.C.S.	8	01.01.2020	Antrang Finance Limited – Manager & Company Secretary
P. Kumar*	31	Manager & Company Secretary	7,41,011/-	5,27,474/-	B. Com (Hons.), A.C.S.	7	01.10.2021	ITC Limited - Assistant Manager (Secretarial)

** On deputation from ITC Limited, the Holding Company (ITC)*
@ Resigned with effect from close of work on 30th September, 2021.

Notes:

1. 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.
2. Net Remuneration comprises cash income less tax deducted at source and employee's own contribution to provident fund, if applicable.
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 conferred upon the employee by grant of such Options, and accordingly the said grant has not been considered as remuneration.
4. All appointments (except for deputed employee) are contractual in accordance with terms and conditions as per the Company's rules.
5. The aforesaid employees are neither relative of any Director / Manager of the Company nor hold any equity share in the Company.

On behalf of the Board

	R. TANDON	*Chairman*
Dated : 28th April, 2022	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, 2022, 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, 2022, 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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, 2022;
   (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 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. 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Anant Acharya
Partner
Membership Number: 124790
UDIN: 22124790AHZZQQ1080

Place of Signature: Mumbai
Date: April 28, 2022

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, 2022.

(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 rupees 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 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, in view of its current operations, 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 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 joint ventures or associate companies. 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 insofar 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 (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) of the Order is not applicable to the Company.

(d) The Group does not have more than one CIC. 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 (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
Membership Number: 124790
UDIN: 22124790AHZZQQ1080

Place of Signature: Mumbai
Date: April 28, 2022

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 Ind AS financial statements of Gold Flake Corporation Limited ("the Company") as of March 31, 2022 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 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 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 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 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, 2022, 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: 22124790AHZZQQ1080

Place of Signature: Mumbai
Date: April 28, 2022

BALANCE SHEET AS AT 31ST MARCH, 2022

	Note		As at 31st March, 2022 (₹ in lakhs)		As at 31st March, 2021 (₹ 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		256.85		98.90
Current assets					
(a) Financial Assets					
(i) Investments	6	218.22		119.71	
(ii) Cash and cash equivalents	7	6.55		1.96	
(iii) Other Bank Balances	8	2,086.42		2,258.91	
(iv) Others	9	15.17	2,326.36	11.80	2,392.38
TOTAL ASSETS			**3,183.87**		3,091.94
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	10	1,599.84		1,599.84	
(b) Other Equity		1,418.81	3,018.65	1,410.73	3,010.57
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Other financial liabilities	11		1.79		1.47
(b) Provisions	12		–		1.22
(c) Deferred tax liabilities (Net)	13		2.01		2.85
Current liabilities					
(a) Financial Liabilities					
(i) Other financial liabilities	11		1.43		0.84
(b) Other liabilities	14		159.99		74.99
TOTAL EQUITY AND LIABILITIES			**3,183.87**		3,091.94

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 28, 2022

R. TANDON *Chairman* T. S. M. SHENOY *Director*
V. LUHARUKA *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*
Kolkata, April 28, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

		Note	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
I	Other Income	15	1,728.89	841.07
	Total Income (I)		**1,728.89**	841.07
II	**EXPENSES**			
	Employee benefits expense	16	110.61	94.79
	Other expenses	17	2.65	2.60
	Total Expenses (II)		**113.26**	97.39
III	**Profit before tax (I - II)**		**1,615.63**	743.68
IV	**Tax expense:**			
	Current Tax	18A	8.55	13.42
	Deferred Tax	18A	(0.84)	0.24
V	**Profit for the year (III - IV)**		**1,607.92**	730.02
VI	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of defined benefit plans	19(iii)	–	(0.17)
	(ii) Income tax on items that will not be reclassified to profit or loss	18B	–	0.04
	Other Comprehensive Income [(i)+(ii)]		–	(0.13)
VII	**Total Comprehensive Income for the year (V + VI)**		**1,607.92**	729.89
VIII	Earnings per equity share (Face Value of ₹ 10.00 each): - Basic and Diluted (in ₹)	19 (i)	**10.05**	4.56

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 28, 2022

R. TANDON *Chairman* T. S. M. SHENOY *Director*
V. LUHARUKA *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*
Kolkata, April 28, 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

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, 2022	**1,599.84**	**–**	**1,599.84**
For the year ended 31st March, 2021	1,599.84	–	1,599.84

B. Other Equity

(₹ in lakhs)

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**

FY 2020-21	Reserves and Surplus		Total
	General Reserve	Retained Earnings	
Balance as at 1st April, 2020	**87.26**	**1,593.48**	**1,680.74**
Profit for the year	–	730.02	730.02
Other Comprehensive Income (net of tax)	–	(0.13)	(0.13)
Total Comprehensive Income	**–**	**729.89**	**729.89**
Interim Dividend paid	–	(999.90)	(999.90)
Balance as at 31st March, 2021	**87.26**	**1,323.47**	**1,410.73**

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 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

Anant Acharya
Partner
Mumbai, April 28, 2022

On behalf of the Board

R. TANDON *Chairman*
T. S. M. SHENOY *Director*
V. LUHARUKA *Chief Financial Officer*
P. KUMAR *Manager & Company Secretary*

Kolkata, April 28, 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

		For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
A.	**Cash Flow from Operating Activities**		
	PROFIT BEFORE TAX	**1,615.63**	743.68
	ADJUSTMENTS FOR:		
	Interest Income	(125.32)	(132.10)
	Dividend Income	(1,575.00)	(675.00)
	Net (gain)/loss arising on investments mandatorily measured at Fair value through profit or loss	(28.57)	(33.97)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**(113.26)**	(97.39)
	ADJUSTMENTS FOR:		
	Provisions	(1.22)	0.27
	Other financial asset	0.01	(0.01)
	Other financial liabilities and other liabilities	85.91	70.72
	CASH USED IN OPERATIONS	(28.56)	(26.41)
	Income tax paid	(166.51)	(117.29)
	NET CASH USED IN OPERATING ACTIVITIES	**(195.07)**	(143.70)
B.	**Cash Flow from Investing Activities**		
	Purchase of current investments	(2,131.00)	(702.00)
	Sale / redemption of current investments	2,061.05	919.57
	Dividend Income	1,575.00	675.00
	Interest received	121.96	140.44
	Investment in bank deposits (original maturity more than 3 months)	(4,004.63)	(3,464.90)
	Redemption / maturity of bank deposits (original maturity more than 3 months)	4,177.12	3,370.29
	Maturity / (Investment) in deposit with housing finance company	–	200.00
	NET CASH FROM INVESTING ACTIVITIES	**1,799.50**	1,138.40
C.	**Cash Flow from Financing Activities**		
	Dividend paid	(1,599.84)	(999.90)
	NET CASH USED IN FINANCING ACTIVITIES	**(1,599.84)**	(999.90)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**4.59**	(5.20)
OPENING CASH AND CASH EQUIVALENTS		**1.96**	7.16
CLOSING CASH AND CASH EQUIVALENTS (Note 7)		**6.55**	1.96

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

Anant Acharya
Partner
Mumbai, April 28, 2022

On behalf of the Board

R. TANDON *Chairman*
T. S. M. SHENOY *Director*
V. LUHARUKA *Chief Financial Officer*
P. KUMAR *Manager & Company Secretary*
Kolkata, April 28, 2022

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. 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 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 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 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.

III. Estimation of uncertainties relating to the Global pandemic COVID - 19

The Company has considered the possible effects that may arise out of the COVID-19 pandemic on the carrying amounts of investments, other financial assets 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 current estimates, the Company does not expect any significant impact on such carrying values. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements.

(₹ in lakhs)

Particulars	Gross Block							Depreciation and Amortization							Net Book Value	
	As at 31st March, 2020	Additions	Withdrawals and adjustments	As at 31st March, 2021	**Additions**	**Withdrawals and adjustments**	**As at 31st March, 2022**	Upto 31st March, 2020	For the year	On Withdrawals and adjustments	Upto 31st March, 2021	**For the year**	**On Withdrawals and adjustments**	**Upto 31st March, 2022**	**As at 31st March, 2022**	As at 31st March, 2021
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, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ 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)	256.85	98.90
TOTAL	**256.85**	98.90
6. Current investments	**Unquoted**	Unquoted
INVESTMENT IN MUTUAL FUNDS		
(at fair value through profit or loss)		
Axis Liquid Fund	21.00	4.00
894 (2021 : 176) units of ₹ 1000.00 each		
Aditya Birla Sun Life Saving Fund	120.42	-
27,042 (2021 : Nil) units of ₹ 100.00 each		
Kotak Corporate Bond Fund	34.80	107.71
1,111 (2021 : 3,609) units of ₹ 1000.00 each		
Nippon India Liquid Fund	21.00	4.00
407 (2021: 80) units of ₹ 1000.00 each		
UTI Liquid Cash Plan	21.00	4.00
606 (2021 : 119) units of ₹ 1000.00 each		
TOTAL	**218.22**	119.71
7. Cash and cash equivalents[@]		
Balances with Banks		
Current accounts	6.55	1.96
TOTAL	**6.55**	1.96

[@] 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, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
8. Other Bank Balances		
In deposit accounts *	2,086.42	2,258.91
TOTAL	**2,086.42**	2,258.91

* 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, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
9. Other Financial assets		
Current		
Interest accrued on deposits	15.17	11.79
Other	–	0.01
TOTAL	**15.17**	11.80

	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹ 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, 2022 (No. of Shares)	As at 31st March, 2022 (%)	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (%)
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) Share held by promoters at the end of the year

	Promoter Name	As at 31st March, 2022			As at 31st March, 2021		
		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, 2022 (₹ in lakhs) Non-Current	As at 31st March, 2022 (₹ in lakhs) Current	As at 31st March, 2021 (₹ in lakhs) Non-Current	As at 31st March, 2021 (₹ in lakhs) Current
11. Other financial liabilities				
Other payables to related parties	1.79	0.84	1.47	0.27
Others (Liabilities for expenses)	–	0.59	–	0.57
TOTAL	**1.79**	**1.43**	1.47	0.84
12. Provisions				
Provision for employee benefits				
Retirement benefits	–	–	0.62	–
Other benefits	–	–	0.60	–
TOTAL	–	–	1.22	–

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
13. Deferred tax liabilities (Net)		
Deferred tax liabilities	2.01	3.15
Less: Deferred tax assets	–	(0.30)
TOTAL	**2.01**	2.85

(₹ in lakhs)

Movement in Deferred tax liabilities / (assets) balances

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**

(₹ in lakhs)

Movement in Deferred tax liabilities / (assets) balances

2020-21	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities in relation to :				
On current investments - FVTPL	2.70	0.45	–	3.15
Total deferred tax liabilities	**2.70**	**0.45**	**–**	**3.15**
On employees separation and retirement etc.	0.05	0.21	0.04	0.30
Total deferred tax assets	**0.05**	**0.21**	**0.04**	**0.30**
Deferred tax liabilities/ (assets) (Net)	**2.65**	**0.24**	**(0.04)**	**2.85**

	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
14. Other liabilities		
Statutory liabilities	159.99	74.99
TOTAL	**159.99**	74.99

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
15. Other income		
Interest income	125.32	132.10
Dividend income	1,575.00	675.00
Other gains and losses	28.57	33.97
TOTAL	**1,728.89**	841.07

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
Interest income comprises interest from:		
a) Deposits with banks - carried at amortised cost	125.12	126.69
b) Other financial assets measured at amortised cost	–	5.41
c) Others (from statutory authorities)	0.20	–
TOTAL	**125.32**	132.10
Dividend income comprises dividend from:		
Non-Current investments	1,575.00	675.00
TOTAL	**1,575.00**	675.00
Other gains and losses		
Net gain / (loss) arising on financial assets mandatorily measured at FVTPL *	28.57	33.97
TOTAL	**28.57**	33.97

* Includes ₹ 24.44 lakhs (2021 : ₹ 25.90 lakhs) being net gain / (loss) on sale of investments.

16. Employee benefits expense

Salaries and wages	9.09	13.58
Remuneration of managers' salary on deputation@	100.20	80.20
Staff welfare expenses	0.73	0.74
Provision for Retirement and Other Benefits	0.59	0.27
TOTAL	**110.61**	94.79

@ Includes charge/ (credit) on account of share based payments as under :

- Employee Stock Option Scheme (ESOS) : Nil (2021 : ₹ 1.62 lakhs) [Refer Note 19(vii)]

- Employee Stock Appreciation Linked Reward (ESAR) Plan : ₹ 0.89 lakh [2021 : ₹ 1.16 lakhs] [Refer Note 19(vii)]

17. Other expenses

Rates and taxes	0.13	0.25
Insurance	0.06	0.04
Bank charges	0.02	0.02
Consultancy / Professional fees	1.15	1.24
Miscellaneous expenses	1.29	1.05
TOTAL	**2.65**	2.60
Miscellaneous expenses include:		
Auditors' remuneration and expenses#		
Audit fees	0.66	0.60
Tax audit fees	0.10	0.10
Fees for other services	0.31	0.25

\# Excluding taxes.

18. Income tax expenses

A. Amount recognised in profit or loss

Current tax		
Income tax for the year	11.40	18.10
Adjustments / (credits) related to previous years - Net	(2.85)	(4.68)
Total current tax	**8.55**	13.42
Deferred tax		
Deferred tax for the year	(0.84)	0.24
Total deferred tax	**(0.84)**	0.24
TOTAL	**7.71**	13.66

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		
Remeasurements of defined benefit plans	–	0.04
TOTAL	–	0.04

C. Reconciliation of effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows:

Profit before tax	**1,615.63**	**743.68**
Income tax expense calculated @ 25.168%	406.62	187.17
Effect of tax relating to uncertain tax positions	0.22	0.70
Effect of difference in taxable income / deductible expense	(396.40)	(169.88)
Other differences	0.12	0.35
Total	**10.56**	18.34
Adjustments recognised in the current year in relation to the current tax of prior years	(2.85)	(4.68)
Income tax recognised in profit or loss	**7.71**	13.66

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.)

19. Additional Notes to the Financial Statements

(i) Earnings per share:

	2022	2021
Earnings per share has been computed as under:		
(a) Profit for the year (₹ in lakhs)	**1,607.92**	730.02
(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 ₹)	**10.05**	4.56

(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 (2021 - ₹ 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, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ 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	0.14	0.07
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	–	–	0.03	0.03
	4	**Total expense recognised in the Statement of Profit and Loss**	**0.39**	**0.20**	0.17	0.10
	-	**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	–	–	0.06	0.11
	10	**Total re-measurements included in Other Comprehensive Income [(Gain)/Loss]**	–	–	0.06	0.11
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income [(Gain)/Loss] (4+10)**	**0.39**	**0.20**	0.23	0.21
	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 16. 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	–	–	0.62	0.60
	2	Fair Value of Plan Assets	–	–	–	–
	3	Status [Surplus / (Deficit)]	–	–	(0.62)	(0.60)
	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	–	–	(0.62)	(0.60)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ 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	0.39	0.39
	2	Current Service Cost	0.39	0.20	0.14	0.07
	3	Interest Cost	–	–	0.03	0.03
	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	–	–	0.06	0.11
	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**	–	–	0.62	0.60

			As at 31st March, 2022	As at 31st March, 2021
V	**Actuarial Assumptions**		Discount Rate (%)	Discount Rate (%)
	1	Gratuity	–	6.25
	2	Leave Encashment	–	6.25

			For the year ended 31st March, 2022 (₹ in lakhs)		For the year ended 31st March, 2021 (₹ 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	–	–	0.62	0.60
	2	Fair Value of Plan Assets	–	–	–	–
	3	Status [Surplus / (Deficit)]	–	–	(0.62)	(0.60)
	4	Experience Adjustment of Plan Assets [Gain / (Loss)]	–	–	–	–
	5	Experience Adjustment of obligation [(Gain) / Loss]	–	–	0.06	0.11

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, 2022		DBO as at 31st March, 2021	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Unfunded	Unfunded	Unfunded	Unfunded
	1	Discount Rate + 100 basis points	–	–	0.48	0.47
	2	Discount Rate - 100 basis points	–	–	0.80	0.78
	3	Salary Increase Rate + 1%	–	–	0.79	0.77
	4	Salary Increase Rate - 1%	–	–	0.48	0.47

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Maturity Analysis of the Benefit Payments

(₹ in lakhs)

			DBO as at 31st March, 2022		DBO as at 31st March, 2021	
			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, 2022. 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)

	2022	2021
Non-current assets (in India)	256.87	98.92

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
– Mr. S. Dutta	Non-Executive Director (upto 18.02.2022)
– Mr. A. Roy	Non-Executive Director (upto 30.03.2022)
– Mr. J. Singh	Additional Non-Executive Director (w.e.f. 31.03.2022)
– Mr. T.S.M. Shenoy	Additional Non-Executive Director (w.e.f. 31.03.2022)
– Ms. N. Bajaj	Non-Executive Director
– Mr. V. Luharuka	Chief Financial Officer
– Ms. S. Rampuria	Manager & Company Secretary (upto 30.09.2021)
– Mr. P. Kumar	Manager & Company Secretary (w.e.f. 18.10.2021)

(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	
		2022	2021	2022	2021	2022	2021	2022	2021
1.	Purchase of Internal audit services	0.33	0.33	–	–	–	–	0.33	0.33
2.	Dividend Income	–	–	1,575.00	675.00	–	–	1,575.00	675.00
3.	Remuneration of managers on deputation reimbursed - for Chief Financial Officer (CFO) - for Manager & Company Secretary (Mr. P. Kumar)	 92.03 7.28	 77.42 –	 – –	 – –	 – –	 – –	 92.03 7.28	 77.42 –
4.	Remuneration on account of share based payment for manager on deputation (for CFO)	0.89	2.78	–	–	–	–	0.89	2.78
5.	Expenses Reimbursed	0.73	0.45	–	–	–	–	0.73	0.45
6.	Remuneration of Key Management Personnel (Manager & Company Secretary) Ms. S Rampuria - Short Term Benefits - Other Benefits	 – –	 – –	 – –	 – –	 9.09 1.81	 13.87 –	 9.09 1.81	 13.87 –
7.	Dividend Paid	1,599.84	999.90	–	–	–	–	1,599.84	999.90
Outstanding Balances									
8.	Payables [Refer Note 11]	2.63	1.74	–	–	–	–	2.63	1.74

(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 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 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 Nil

(2021 : ₹ 1.62 Lakhs) towards Stock Options and ₹ 0.89 Lakh [2021 : ₹ 1.16 Lakhs] towards ESAR Units have been recognized as employee benefits expense (Refer Note 16). The liability of ₹ 2.63 Lakhs (2021 : ₹ 1.74 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, 2022	As at 31st March, 2021
	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	-	-
Outstanding at the end of the year	7,320	7,320
Options exercisable at the end of the year	7,320	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, 2022	As at 31st March, 2021	
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, 2022	As at 31st March, 2021	
ITC Essentra Limited	Bengaluru, India	50.00%	50.00%	At cost

* Also refer Note 4.

(ix) Financial Ratios:

Particulars	Numerator	Denominator	31st March, 2022	31st March, 2021
Current ratio (in times)[1]	Current Assets	Current Liabilities	14.41	31.55
Return on Equity (in %)[2]	Profit after Tax (PAT)	Average Shareholder's Equity	53.34	23.21
Return on Capital employed(in %)[2]	Profit before Interest and Taxes (PBIT)	Average Capital Employed	53.55	23.62
Return on investment(in %)[2]	Income from Investment	Time Weighted Average Investments	120.75	61.15

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.

1. Higher statutory liabilities as at the current reporting date w.r.t. Tax Deducted at Source (TDS) on dividend payment.
2. Increased dividend income [₹ 1,575.00 lakhs in the current year vs. ₹ 675.00 lakhs for the previous year] resulting into higher profit / return in the current reporting period.

20. 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, 2022		As at 31st March, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	7	6.55	6.55	1.96	1.96
ii) Other bank balances	8	2,086.42	2,086.42	2,258.91	2,258.91
iii) Other financial assets	9	15.17	15.17	11.80	11.80
Sub-total		**2,108.14**	**2, 108.14**	2,272.67	2,272.67
b) Measured at Fair Value through Profit or Loss					
i) Investment in Mutual Funds	6	218.22	218.22	119.71	119.71
Sub-total		**218.22**	**218.22**	119.71	119.71
Total financial assets		**2,326.36**	**2,326.36**	2,392.38	2,392.38
B. Financial liabilities					
a) Measured at amortised cost					
i) Other financial liabilities	11	3.22	3.22	2.31	2.31
Total financial liabilities		**3.22**	**3.22**	2.31	2.31

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 ₹ 2,326.36 Lakhs (2021 : ₹ 2,392.38 lakhs) including Current Investments, Cash and cash equivalents, and Other Bank Balances of ₹ 2,311.19 lakhs (2021 : ₹ 2,380.58 lakhs) against an aggregate total liability of ₹ 165.22 lakhs (2021 : ₹ 81.37 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 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 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.

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, 2022**	As at 31st March, 2021
A. Financial assets			
Measured at Fair value through Profit or Loss			
Investment in Mutual Funds	1	**218.22**	119.71

On behalf of the Board

R. TANDON *Chairman* T. S. M. SHENOY *Director*
V. LUHARUKA *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*

Kolkata, April 28, 2022

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-2022	31-March-2022
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)	691.74	9416.45
7.	Profit/(Loss) for the year (₹ in lakhs)	35.39	4108.95
	i. Considered in Consolidation (₹ in lakhs)*	–	–
	ii. Not Considered in Consolidation (₹ in lakhs)*	35.39	4108.95

* 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

R. TANDON *Chairman* T. S. M. SHENOY *Director*
V. LUHARUKA *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*

Kolkata, April 28, 2022

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

1. Your Directors submit their Report for the financial year ended 31st March, 2022.

2. **COMPANY PERFORMANCE**

During the year under review, the Company earned total income of ₹ 4.75 lakhs, primarily from deployment of its temporary surplus funds in bank fixed deposits.

The Company, an Unregistered Core Investment Company within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016, continues to explore suitable investment opportunities.

The financial results of your Company, summarised, are as under:

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
a. Profit Before Tax	**1.19**	1.13
b. Less : Tax Expense	**0.32**	0.19
c. Profit After Tax	**0.87**	0.94
d. Add: Profit brought forward from previous years	**96.82**	95.88
e. Profit carried forward	**97.69**	96.82

3. **DIRECTORS**

a) Changes in Directors during the year

Mr. Saradindu Dutta (DIN: 00058639), consequent to his retirement from the services of ITC Limited, the Holding Company, stepped down as a Non-Executive Director of your Company with effect from 19th February, 2022. Your Directors place on record their appreciation for the contribution made by Mr. Dutta during his tenure.

The Board of Directors of your Company ('the Board') appointed Mr. Trasi Sadashiva Madhava Shenoy (DIN: 09476476) as an Additional Director of the Company with effect from 28th April, 2022. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 16 of the Articles of Association of the Company, Mr. Shenoy will vacate office at the ensuing Annual General Meeting ('AGM') and is eligible for appointment as a Director of the Company.

Your Board at the aforesaid meeting also recommended for the approval of the Members, the appointment of Mr. Shenoy 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 appointment of Mr. Shenoy, who has filed his consent to act as a Director of your Company, if appointed. Appropriate resolution seeking your approval to Mr. Shenoy's appointment is appearing in the Notice convening the ensuing AGM of the Company.

b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act, read with Article 19 of the Articles of Association of the Company, Mr. Supratim Dutta (DIN: 01804345), 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.

4. **BOARD MEETINGS**

Four meetings of the Board were held during the year ended 31st March, 2022.

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 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 subsidiary 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 subsidiary company is given below:

Name of Subsidiary	Total Income (₹ in lakhs)		Profit After Tax (₹ in lakhs)	
	FY 2021-22	FY 2020-21	**FY 2021-22**	FY 2020-21
MRR Trading & Investment Company Limited	**7.25**	7.26	**0.13**	0.33

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, are provided in the **Annexure** to this Report.

The Company seeks to enhance 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. 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**

The requirements of Section 186 of the Act relating to loans, guarantees and investments are not applicable to the Company.

11. **RELATED PARTY TRANSACTIONS**

During the year ended 31st March, 2022, 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 AOC-2 is not applicable for this year.

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 (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 2022-23. 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

R. TANDON *Chairman*

Dated: 28th April, 2022 T.S.M. SHENOY *Director*

Annexure to the Report of the Board of Directors for the financial year ended 31st March, 2022

[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
I. Ajmera#	28	Manager-Accounts	2,14,462/-	1,97,188/-	B. Com (Hons.)	6	11.03.2019	Executive Accountant-Spectrum Automotive Private Limited
S. Mishra	21	Manager-Accounts	25,950/-	23,250/-	B. Com, CMA (Foundation)	-	14.02.2022	Nil

 # Resigned with effect from close of work on 31st October, 2021

Notes:

a. Gross remuneration includes salary, variable pay, allowances, other benefits / applicable perquisites borne by the Company. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013. Net remuneration comprises cash income.

b. The aforesaid appointment(s) 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

R. TANDON *Chairman*

Dated: 28th April, 2022 T.S.M. SHENOY *Director*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ITC INVESTMENTS & HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ITC Investments & Holdings Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, the 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 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, 2022, its profit 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 (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.

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 standalone 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, cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014. 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 and the Cash Flow Statement 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 (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 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, 2022.
   (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 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.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Anant Acharya

Partner

Membership Number: 124790

UDIN: 22124790AHZYDF7145

Place of Signature: Mumbai

Date: April 28, 2022

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 rupees 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 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 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, services 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 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 ventures or associate 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 insofar 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 a Core Investment Company (CIC) as defined in the regulations made by Reserve Bank of India (RBI). The Company is exempted from registration requirement with RBI and continues to meet such criteria for non-registration.

(d) The Group does not have more than one CIC. 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 12(v) 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: 22124790AHZYDF7145

Place of Signature: Mumbai

Date: April 28, 2022

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ITC INVESTMENTS & HOLDINGS 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 Investments & Holdings Limited ("the Company") as of March 31, 2022 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 ("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 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 financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, 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: 22124790AHZYDF7145

Place of Signature: Mumbai
Date: April 28, 2022

BALANCE SHEET AS AT 31ST MARCH, 2022

	Note	**As at 31st March, 2022 (₹ in lakhs)**	As at 31st March, 2021 (₹ in lakhs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	450.00	450.00
Reserves and surplus	2	97.69	96.82
Current liabilities			
Other current liabilities	3	0.50	0.50
TOTAL		**548.19**	547.32
ASSETS			
Non-current assets			
Non-current investments	4	451.63	451.63
Income-tax Assets	5	0.37	0.19
Current assets			
Cash and bank balances	6	95.82	95.01
Other current assets	7	0.37	0.49
TOTAL		**548.19**	547.32

The accompanying notes 1 to 13 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 28, 2022

On behalf of the Board

R. TANDON *Chairman* T.S.M. SHENOY *Director*

Kolkata, April 28, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

	Note	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
Other income	8	4.75	5.56
Total Income		**4.75**	5.56
Expenses			
Employee benefits expense	9	2.42	3.33
Other expenses	10	1.14	1.10
Total expenses		**3.56**	4.43
Profit before tax		**1.19**	1.13
Tax expense:			
Current tax	11	0.32	0.19
Profit for the year		**0.87**	0.94
Earnings per equity share (Face Value ₹ 10.00 each) (Basic and Diluted) (in ₹)	12 (i)	**0.02**	0.02

The accompanying notes 1 to 13 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 28, 2022

R. TANDON *Chairman* T.S.M. SHENOY *Director*
Kolkata, April 28, 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	**1.19**	1.13
ADJUSTMENTS FOR:		
Interest income on bank deposits	(4.75)	(5.56)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**(3.56)**	(4.43)
ADJUSTMENTS FOR:		
Other current assets	0.01	0.01
Other current liabilities	–	(0.26)
CASH USED IN OPERATIONS	**(3.55)**	(4.68)
Income tax paid	(0.51)	(0.42)
NET CASH USED IN OPERATING ACTIVITIES	**(4.06)**	**(5.10)**
B. Cash Flow from Investing Activities		
Interest received on bank deposits	4.86	6.23
Investment in bank deposits (original maturity more than 3 months)	(52.86)	(116.05)
Redemption / maturity of bank deposits (original maturity more than 3 months)	51.55	116.15
NET CASH GENERATED FROM INVESTING ACTIVITIES	**3.55**	6.33
C. Cash Flow from Financing Activities	–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(0.51)**	1.23
OPENING CASH AND CASH EQUIVALENTS	**1.35**	0.12
CLOSING CASH AND CASH EQUIVALENTS	**0.84**	1.35

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements".

2. **CASH AND CASH EQUIVALENTS :**

Cash and Cash Equivalents as above	0.84	1.35
Other bank balances	94.98	93.66
Cash and bank balances (Note 6)	**95.82**	95.01

The accompanying notes 1 to 13 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 28, 2022

R. TANDON *Chairman* T.S.M. SHENOY *Director*
Kolkata, April 28, 2022

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in lakhs)	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹ in lakhs)
1. Share capital				
Authorised				
Equity Shares of ₹ 10.00 each	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
A) Reconciliation of number of Equity Shares outstanding				
At the beginning and at the end of the year	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, 2022 (No. of Shares)	As at 31st March, 2022 (%)	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (%)
ITC Limited – the Holding Company	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, 2022			As at 31st March, 2021		
		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	–
TOTAL		45,00,000	100.00	–	45,00,000	100.00	–

		As at 31st March, 2022 (₹ in lakhs)		As at 31st March, 2021 (₹ in lakhs)
2. Reserves and surplus				
Surplus in Statement of Profit and Loss				
At the beginning of the year	96.82		95.88	
Add: Profit for the year	0.87		0.94	
At the end of the year		97.69		96.82
TOTAL		97.69		96.82
3. Other current liabilities				
Other payables				
Statutory liabilities		0.01		0.01
Liability for expenses		0.49		0.49
TOTAL		0.50		0.50
4. Non-current investments (at cost unless stated otherwise)				
TRADE INVESTMENTS (Unquoted)				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiary				
MRR Trading & Investment Company Limited				
50,000 Equity Shares of ₹ 10.00 each, fully paid		451.63		451.63
TOTAL		451.63		451.63
5. Income-tax Assets				
Unsecured, considered good				
Income tax assets (net of provisions)		0.37		0.19
TOTAL		0.37		0.19
6. Cash and bank balances				
Cash and cash equivalents[@]				
Balances with bank				
In Current accounts		0.84		1.35
Other bank balances				
In deposit accounts*		94.98		93.66
TOTAL		95.82		95.01

[@] Cash and cash equivalents include cash on hand, cash at bank and deposits with banks with original maturity of 3 months or less, etc. as applicable.

* 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, 2022 (₹ in lakhs)	As at 31st March, 2021 (₹ in lakhs)
7. Other current assets		
Interest accrued on bank deposits	0.37	0.48
Prepaid expenses	–	0.01
TOTAL	0.37	0.49

	For the year ended 31st March, 2022 (₹ in lakhs)	For the year ended 31st March, 2021 (₹ in lakhs)
8. Other income		
Interest income on bank deposits	4.75	5.56
TOTAL	4.75	5.56
9. Employee benefits expense		
Salaries and wages	2.36	3.14
Staff welfare expenses	0.06	0.19
TOTAL	2.42	3.33
10. Other expenses		
Rates and taxes	0.06	0.08
Consultancy / Professional fees	0.46	0.47
Insurance	0.06	0.05
Auditors' remuneration and expenses		
Audit fees	0.55	0.50
Miscellaneous expenses	0.01	...
TOTAL	1.14	1.10
11. Tax expenses		
Current tax		
Income tax for the year	0.32	0.29
Adjustment/(credits) related to previous years	...	(0.10)
TOTAL	0.32	0.19

12. Additional Notes to the Financial Statements

i. **Earnings per share:**

	2022	2021
Earnings per share has been computed as under:		
(a) Profit for the year (₹ in lakh)	0.87	0.94
(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 and Diluted [(a)/(b)] (in ₹)	0.02	0.02

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

ii. 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, 2022. 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 based on information available with the Company.

iii. **Segment Reporting :**
The Company operates in a single business segment namely acquisition of shares and securities and in a single geographical segment.

iv. **Related Party Disclosures:**

a. **RELATIONSHIP:**

Holding Company:
- ITC Limited

Subsidiary Company:
- MRR Trading & Investment Company Limited

Key Management Personnel:
- Mr. R. Tandon — Chairman and Non–Executive Director
- Mr. Saradindu Dutta — Non–Executive Director (upto 18.02.2022)
- Mr. Supratim Dutta — Non–Executive Director
- Ms. N. Bajaj — Non-Executive Director

b. **DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES DURING THE YEAR AND THE STATUS OF OUTSTANDING BALANCES AS AT THE YEAR END**

Related Party Transaction Summary		Holding Company	
		2022	2021
1.	Purchase of Services – Internal Audit services (₹ in lakh)	**0.24**	0.24

v. **Financial Ratios:**

Ratios	Numerator	Denominator	31st March, 2022	31st March, 2021
Current ratio (in times)	Current Assets	Current Liabilities	**192.39**	190.52
Return on Equity (in %)	Profit after Tax (PAT)	Average Shareholder's Equity	**0.16**	0.17
Return on Capital employed (in %)	Profit before Interest and Taxes (PBIT)	Average Capital Employed	**0.22**	0.21

Note: *Debt-Equity Ratio, Debt Service Coverage Ratio, Return on Investment, Inventory Turnover Ratio, Trade Receivables Turnover Ratio, Trade Payables Turnover Ratio, Net Capital Turnover Ratio and Net Profit Ratio are not applicable to the Company.*

vi. Previous year's figures have been regrouped/re-classified, wherever necessary to correspond with the current year's classification/disclosure.

Background

ITC Investments & Holdings Limited, a 100% subsidiary of ITC Limited, is an 'unregistered core investment company' within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016, and was incorporated in the year 2012. The Company holds investment in its subsidiary company and continues to explore other suitable investment opportunities.

13. Significant Accounting Policies

Convention

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2006 (as amended from time to time).

Basis of Preparation

To prepare financial statements in accordance with the historical cost convention.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in Schedule III to the Companies Act, 2013.

Investments

To state Current Investments at lower of cost and fair value; and Non-Current Investments, including investments in Subsidiaries / Joint Ventures and Associates, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Non-Current Investments.

Investment Income

To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source. To account for Income from Dividends when the right to receive such dividends is established.

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

Taxes on Income

To provide Current tax as the amount of tax payable in respect of taxable income for the period, measured using the applicable tax rates and tax laws.

To provide Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Not to recognise Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

On behalf of the Board

R. TANDON *Chairman* T.S.M. SHENOY *Director*

Kolkata, April 28, 2022

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.	**Sl. 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, 2022 (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**	:	(3.30)
8.	**Total Assets**	:	6.87
9.	**Total Liabilities (excluding Total Equity)**	:	5.17
10.	**Investments (excluding Investments made in subsidiaries)**	:	–
11.	**Turnover***	:	7.25
12.	**Profit before taxation**	:	0.17
13.	**Provision for taxation**	:	(0.04)
14.	**Profit after taxation**	:	0.13
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 28, 2022

R. TANDON *Chairman* T.S.M. SHENOY *Director*

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

1. Your Directors submit their Report for the financial year ended 31st March, 2022.

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: ₹ 7.26 lakhs). Your Company recorded Net Profit for the year of ₹ 0.13 lakhs (previous year: ₹ 0.33 lakhs). The Company continues to engage in providing estate maintenance services.

3. DIRECTORS

(a) Changes during the year

During the year under review, Messrs. Chakravadhanula Venkateswara Sarma and Venkataraman Radhakrishnan, consequent to their retirement from the services of ITC Limited, the ultimate Holding Company (ITC), stepped down as Directors of your Company with effect from 26th August, 2021 and 1st March, 2022, respectively. Your Directors place on record their appreciation for the contribution made by Messrs. Sarma and Radhakrishnan during their respective tenures as Directors of the Company.

The Board of Directors of the Company ('the Board') appointed Messrs. Peter Claude Rasquinha (DIN: 09237557) and Saurabh Kar (DIN: 09523841) as Additional Directors of the Company with effect from 25th August, 2021 and 1st March, 2022, respectively. In accordance withSection 161 of the Companies Act, 2013 ('the Act') read with Article 26 of the Articles of Association of the Company, Messrs. Rasquinha and Kar will vacate office at the ensuing Annual General Meeting ('AGM') and are eligible for appointment as Directors of the Company.

Your Board at the meeting held on 28th April, 2022 recommended for the approval of the Members, appointment of Messrs. Rasquinha and Kar 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 appointment of Messrs. Rasquinha and Kar, who have also filed their consents to act as Directors of your Company, if appointed. Appropriate resolutions seeking your approval to the said appointments are appearing in the Notice convening the ensuing AGM of the Company.

(b) Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. Bappaditya Ray Chaudhuri (DIN: 07125295), 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.

4. BOARD MEETINGS

Six meetings of the Board were held during the year ended 31st March, 2022.

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.

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.

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, 2022, 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 of the Company 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

The Company's Statutory Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), who were appointed with your approval at the 36th AGM for a period of five years, will complete their present term on conclusion of the ensuing 41st AGM of the Company.

The Board has recommended for the approval of the Members, re-appointment of DHS as the Statutory Auditors of the Company for a period of five years from the conclusion of the 41st AGM till the conclusion of the 46th AGM. DHS have given their consent to act as the Statutory Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act. The Board has also recommended for the approval of the Members, the remuneration of DHS to conduct audit for the financial year 2022-23. Appropriate resolution seeking your approval to the re-appointment and remuneration of DHS as the Statutory Auditors is appearing in the Notice convening 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 : 28th April, 2022	**DIN: 09523841**	**DIN: 09237557**

Annexure to the Report of the Board of Directors for the financial year ended 31st March, 2022

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, 2021 to 31st March, 2022
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	15th January, 2021
f)	Amount paid as advances, if any	Nil

On behalf of the Board

	S. Kar	**P. Rasquinha**
	Director	**Director**
Dated : 28th April, 2022	**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 MRR Trading & Investment Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, 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, 2022, 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. 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.

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 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 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:
   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 Ind AS specified underSection133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 the 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, as disclosed in the notes to accounts, 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 persons or entities, including foreign entities.

   (b) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the notes to accounts, 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 persons or entities, including foreign entities.

   (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to my/our notice that has caused me/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 mis-statement.

   (d) The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
2. As required by the Companies (Auditor's Report) Order, 2016 ("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:22209354AIAEKI1286

Place: Hyderabad
Date: April 28, 2022

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 MRR Trading & Investment Company Limited ("the Company") as of March 31, 2022 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 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, 2022, 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)
UDIN:22209354AIAEKI1286

Place: Hyderabad
Date: April 28, 2022

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 Exciseand Value added taxare 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, 2022 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, 2022.

(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 September 2021.

(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 more than one CIC as part of the group.

(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)
UDIN:22209354AIAEKI1286

Place: Hyderabad
Date: April 28, 2022

Balance Sheet as at 31st March, 2022

(All amounts are in Indian Rupees Lakhs unless otherwise stated)

	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-Current Assets			
Advance tax and TDS receivables [Net of Provisions - ₹ 0.15 lakhs (March 31, 2021: ₹ 0.11 lakhs)]		**0.10**	*
Other non-current assets	3	**1.12**	1.12
Total Non-Current Assets		**1.22**	1.12
Current Assets			
Financial assets			
Trade receivables	4	–	–
Cash and cash equivalents	5	5.65	4.69
Total Current Assets		**5.65**	4.69
Total Assets		**6.87**	5.81
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	5.00	5.00
Other equity	7	(3.30)	(3.43)
Total Equity		**1.70**	1.57
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	8	4.11	3.14
Other current liabilities		1.06	1.10
Total Current Liabilities		**5.17**	4.24
Total Equity and Liabilities		**6.87**	5.81

* Less than Rs. One lakh

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: April 28, 2022

For and on behalf of the Board of Directors

Peter Rasquinha
Director
Place: Bhadrachalam
Date : April 28, 2022

Saurabh Kar
Director

Statement of Profit and Loss for the year ended 31st March, 2022

(All amounts are in Indian Rupees Lakhs unless otherwise stated)

		Note	For the year ended March 31, 2022	For the year ended March 31, 2021
I	Revenue from operations	9	**7.20**	7.20
II	Other income	10	**0.05**	0.06
III	**Total Income (I+II)**		**7.25**	7.26
IV	**Expenses**			
	Other expenses	11	**7.08**	6.82
	Total expenses (IV)		**7.08**	6.82
V	**Profit Before Tax (III- IV)**		0.17	0.44
VI	**Tax Expense:**			
	Current tax	12	**0.04**	0.11
VII	**Profit for the year (V-VI)**		**0.13**	0.33
VIII	**Other Comprehensive Income**		–	–
IX	**Total Comprehensive Income for the Year (VII+VIII)**		**0.13**	0.33
	Earnings per Equity Share :			
	Basic and Diluted (Face value of ₹ 10 each)	14	**0.25**	0.66

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: April 28, 2022

For and on behalf of the Board of Directors

Peter Rasquinha
Director
Place: Bhadrachalam
Date : April 28, 2022

Saurabh Kar
Director

Cash Flow Statement for the year ended 31st March, 2022

(All amounts are in Indian Rupees Lakhs unless otherwise stated)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash Flows from Operating Activities		
Profit before tax	**0.17**	0.44
Adjustments for:		
Interest income	(0.05)	(0.06)
Operating Profit / (loss) before Working Capital Changes	**0.13**	**0.38**
Adjustments for:		
Decrease/ (Increase) in trade receivables	–	0.06
Increase in trade payables and other liabilities	**0.92**	0.93
Cash generated from Operations	**1.05**	**1.37**
Net income tax (paid) / refunds	(0.14)	0.12
Net Cash generated from Operating Activities (A)	**0.91**	**1.49**
Cash Flows from Investing Activities		
Interest Income	**0.05**	0.06
Net Cash generated from Investing Activities (B)	**0.05**	**0.06**
Cash flows from Financing Activities		
Net Cash generated from financing activities (C)	–	–
Net Increase in Cash and Cash Equivalents (A+B+C)	**0.95**	1.55
Cash and Cash Equivalents at the beginning of the year	**4.69**	3.14
Cash and Cash Equivalents at the end of the year (Refer Note 5)	**5.65**	4.69

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: April 28, 2022

For and on behalf of the Board of Directors

Peter Rasquinha
Director

Saurabh Kar
Director

Place: Bhadrachalam
Date: April 28, 2022

Statement of changes in equity for the year ended 31st March, 2022

(All amounts are in Indian Rupees Lakhs unless otherwise stated)

	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Equity Share Capital:		
Balance as at April 1, 2021	**5.00**	5.00
Changes in Equity Share Capital during the year	–	–
Balance at March 31, 2022	**5.00**	5.00
B. Other Equity - Reserves & Surplus:		
Retained Earnings		
Balance as at April 1, 2021	**(3.43)**	(3.76)
Profit for the Year	**0.13**	0.33
Balance at March 31, 2022	**(3.30)**	(3.43)

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: April 28, 2022

For and on behalf of the Board of Directors

Peter Rasquinha
Director

Saurabh Kar
Director

Place: Bhadrachalam
Date: April 28, 2022

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 premiseat 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.

The Company adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

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 inInd 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 statement.

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 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.

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 recognises 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 recognises 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 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.

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 theCompanies Act, 2013 based on the nature of services and their realisation in cash and cash equivalents.

3. Other Non-Current Assets

	As at 31st March, 2022	As at 31st March, 2021
Other deposits	1.12	1.12
TOTAL	**1.12**	1.12

4. Trade Receivables

	As at 31st March, 2022	As at 31st March, 2021
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)

5. Cash and Cash Equivalents

	As at March 31, 2022	As at March 31, 2021
Balances with Banks: - In Current Account	5.65	4.69
TOTAL	5.65	4.69

6. Equity Share Capital

	As at March 31, 2022	As at March 31, 2021
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, 2021 Add: Issued during the year	50,000 –	5,00,000 –
Balance as at March 31, 2022	50,000	5,00,000

B) Shareholders holding more than 5% of the Equity Shares in the Company:

	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	%	No. of Shares	%
ITC Investments & Holdings Limited * and its Nominees	**50,000**	**100**	50,000	100

* 49,994 equity shares are held by ITC Investments & 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 Rs.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.

7. Other Equity

	As at March 31, 2022	As at March 31, 2021
Reserves and Surplus: **Retained Earnings** Retained Earnings comprise of the Company's undistributed earnings after taxes.	**(3.30)**	(3.43)
	(3.30)	(3.43)

8. Trade Payables

	As at March 31, 2022	As at March 31, 2021
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	**4.11**	3.14
	4.11	3.14

Trade Payables Ageing

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**

Particulars	Unbilled	Outstanding for following periods from due date of payment				Total
As at March 31, 2021		Less than 1 year	1-2 years	2-3 years	more than 3 years	
MSME	–	–	–	–	–	–
Others	3.14	–	–	–	–	3.14
Disputed dues – MSME	–	–	–	–	–	–
Disputed dues – Others	–	–	–	–	–	–
Total	3.14	–	–	–	–	3.14

Notes forming part of the Financial Statements (contd.)
(All amounts are in Indian Rupees Lakhs unless otherwise stated)

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
9. Revenue from Operations		
Sale of Services	7.20	7.20
TOTAL	7.20	7.20
10. Other Income		
Interest on		
- Other Deposits	0.05	0.05
- Income Tax Refund	–	0.01
TOTAL	0.05	0.06
11. Others Expenses		
Rent	0.89	0.86
Rates and taxes	2.69	2.64
Maintenance and upkeep expenses	2.42	2.53
Bank charges	*	*
Payments to auditors	1.15	0.15
Consultancy and Professional fees	0.57	0.46
Miscellaneous expenses	0.36	0.18
TOTAL	7.08	6.82
11(a) Payment to Auditors (excluding taxes)		
– Statutory Audit	0.15	0.15
TOTAL	0.15	0.15
12. Tax Expense		
Profit before income tax	0.17	0.44
Enacted tax rates	25.17%	25.17%
Income tax expense	0.04	0.11
TOTAL	0.04	0.11
13. Contingent liabilities		
Claims against the Company not acknowledged as Debts:	–	–
TOTAL	–	–

14. Earnings per share

	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Computation of earnings per share is set out below: Net Profit attributable to Equity Shareholders (A)(Rs. In lakhs)	0.13	0.33
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.)	0.25	0.66

15. 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, 2022	For the Year Ended March 31, 2021
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)	1.22	1.12

16. Related Party Disclosures

a) Details of Related Parties

Name	Relationship
ITC Limited	Ultimate Holding Company
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, 2022	For the Year Ended March 31, 2021
ITC Limited:		
Consultancy and Professional fees	0.12	0.12
Sale of Services – Estate Management Services	7.20	7.20

17. 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.

18. Ratios:

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021

Particulars	As at March 31, 2022	As at March 31, 2021	Variance	Reason for Variance
Current ratio	1.09	1.11	-1%	
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	8.03	2.45	-6%	Due to reduction in profit
Return on Capital employed ratio	10.27	28.02	-63%	Due to reduction in profit
Trade Payables turnover ratio	1.75	2.29	-24%	
Net Profit Ratio	0.02	0.04	-60%	Due to reduction in profit
Trade Receivables turnover ratio	–	–	–	There are no closing trade receivablesDue to reduction in profit
Return on investment	–	–	NA	There are no Investments / Inventories, hence these ratiosare not applicable.
Inventory turnover ratio	–	–	NA	
Net capital turnover ratio	15.04	15.90	-5%	

Particulars	Numerator	Denominator
Current ratio	Current Assets (CA)	Current Liabilities (CL)
Debt-Equity ratio	Total Debt	Shareholders equity Debt Service
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	Profit after tax	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)

19. 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.

20. 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, 2022		As at March 31, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets (Measured at amortised cost)					
Trade Receivables	4	–	–	–	–
Cash and Cash Equivalents	5	5.65	5.65	4.69	4.69
Total Financials Assets		**5.65**	**5.65**	**4.69**	**4.69**
Financial Liabilities (Measured at amortised cost)					
Trade Payables		4.11	4.11	3.14	3.14
Total Financials Liabilities		**4.11**	**4.11**	**3.14**	**3.14**

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 analyse 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 Assets and Non-current Financial Liabilities. Fair value of Current Financial Assets and Current Financial Liabilities is equivalent to their carrying value.

21. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

22. The financial statements were approved for issue by the Board of Directors on April 28, 2022.

For and on behalf of the Board of Directors

Peter Rasquinha
Director

Saurabh Kar
Director

Place:Bhadrachalam
Date: April 28, 2022

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

Your Board of Directors hereby submit their Ninth Report for the financial year ended 31st March, 2022.

1. COMPANY PERFORMANCE

During the year, the company faced challenging operating environment which resulted in subdued demand. The company continued to drive margins through its strategic cost management measures. Over the years, the company has consistently improved operational efficiency, productivity and strengthened safety standards. During the year, the company received Platinum Award in CII National Poka Yoke Competition.

The company's Revenue from Operations for the year stood at ₹ 16,390.28 lakhs (previous year ₹ 17,251.87 lakhs), while Net Profit for the year increased to ₹ 1,443.14 lakhs (previous year ₹ 906.04 lakhs). Total Comprehensive Income for the year stood at ₹ 1,436.79 lakhs (previous year ₹ 907.59 lakhs).

Your Company proactively engaged with at both the Centre and State level Government authorities and has been able to realise fiscal incentives of ₹ 2,095 lakhs during the year consisting 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, your Company repaid the last tranche of the term loan of ₹ 7,300 lakhs borrowed from M/s. Russell Credit Limited. In addition, your Company will also be redeeming the 10% Cumulative Non-Convertible Redeemable Preference Shares of ₹ 1,800 lakhs in April, 2022, post which your Company will become a debt free company.

Your Company continues to focus on various initiatives to boost productivity by making systemic interventions across all domains – People, Process and Technology. This has led to stabilization of operational and financial performance of the Company over the years.

Your Company received a Platinum Award at the 9th CII National Poka Yoke Competition and Gold and Silver Award at the 41st CII National Kai-Zen Competition.

The summarised results of the Company are given in the table below:

Amount in ₹ lakhs

Particulars	Financial Year Ended	
	31.03.2022	**31.03.2021**
a) Profit Before Tax	**1512.65**	1276.15
b) Tax expense	**69.51**	370.11
c) Profit After Tax	**1443.14**	906.04
d) Other Comprehensive Income	**(6.36)**	1.55
e) Total Comprehensive Income	**1436.79**	907.59
Retained Earnings		
a) At the beginning of the year	**1071.18**	163.59
b) Add: Profit for the year	**1443.14**	906.04
c) Add: Other Comprehensive Income	**(6.36)**	1.55
d) At the end of the year	**2507.96**	1071.18

2. DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 0.30 per Equity Share of ₹ 10/- each for the year ended 31st March, 2022. Total cash outflow on this account will be ₹ 219 lakhs.

3. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Changes in Directors and Key Managerial Personnel during the year

During the year under review, Mr. K. V. Raghavaiah (DIN: 07114270), consequent to expiry of his second term, stepped down as an Independent Director of your Company with effect from close of work on 19th July, 2021. Your Directors place on record their appreciation for the contribution made by Mr. Raghavaiah during his tenure.

During the year, there were no changes in the Key Managerial Personnel of your Company.

b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 (Act) and Article 77(d) of the Articles of Association of the Company, 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, 2022.

Your Company is not required to constitute any Board Committee(s) 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, 2022.

4. COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

5. 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.

6. 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.

7. 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.

8. PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Conservation of Energy

The Business strives to optimise conservation of energy through various avenues; the following initiatives were taken up during the year under review:

1. Fuel consumption reduction for Marie and Cream line of biscuits through implementation of **Fitch Catalyst to** improve the combustion efficiency of LVFO (Baking fuel); and
2. Installation of **Circulating & Transfer Fan Speed optimization** to conserve the waste energy which is exhausted out of baking oven.

Capital investment on energy conserv**ation equipment is ₹ 11 lakhs.**

Technology absorption

Efforts made towards technology absorption and benefits derived like product improvement, cost reduction, product development and import substitution:

Your Company continues to utilise the latest automation technology to ensure adoption of different industry-wide innovations. Automations are done in order to assure optimum quality of the product and improving operational feasibility. Your Company installed Auto feeder for overwrap machine and conveyors for raw material unloading and finished goods loading bay resulting in manpower optimization.

Your Company has neither imported any technology nor incurred any expenditure on Research & Development during the year under review.

9. 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, 2022, the Company has not given any loan, guarantee or 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

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act are not applicable for the business activities carried out by your 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.

(b) Secretarial Auditors

Your Board of Directors appointed Messrs. Anjan Kumar Roy & Co., Practising Company Secretaries, Kolkata (CP No. 4557), as the Secretarial Auditor of the Company for the financial year ended 31st March, 2022 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.

The Secretarial Audit Report issued by Messrs. Anjan Kumar Roy & Co. to the effect that the Company has complied with the relevant laws and regulations is provided in **Annexure 2**, forming part of this Report.

15. PARTICULARS OF RELATED PARTY TRANSACTIONS

All related party transactions entered during the financial year were in the ordinary course of business and on 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, there were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company and its future operations.

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. HUMAN RESOURCES DEVELOPMENT

Human Resource practices in your Company are aimed at promoting high productivity amongst its employees and opportunities for career progression. This is demonstrated through various people engagement programs such as "Samahroh", "Samvaad" and "Sampark".

Your Company organized the 6th Annual Day – "Sanmilon" for its employees who participated in cultural activities, indoor and outdoor sports. Free COVID vaccination drive was also provided to all the employees. Your Company believes in promoting merit based and fair work culture leading to result oriented work environment.

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.

20. 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.

21. ENVIRONMENT, HEALTH AND SAFETY

Your Company is committed to conducting its operations with due regard to environment and providing a safe and healthy workplace for each employee.

During the year under review, major focus has been People safety. Various initiatives to build the safety culture through training, EHS campaign drive and people involvement were undertaken during the year. Regular safety meetings were held with employees and management representatives to ensure that safety protocols are followed at the Unit.

World Environment Day was observed and 250 saplings were planted in the vicinity of the factory with a commitment that the plants will be nourished and taken care by the Factory team along with the local community.

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 employees.

Your Directors look forward to the future with confidence.

By order of the Board

North East Nutrients Private Limited

Dated: 12th April, 2022	**(P. Wali)**	**(N. K. Jasper)**
Place : Bengaluru	Chairman	Director

Annexure 1 to the Report of Board of Directors for the financial year ended 31st March, 2022

ANNUAL REPORT ON CSR ACTIVITIES

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

1. **Brief outline on CSR Policy of the Company:**

North East Nutrients Private Limited, being a subsidiary of ITC Limited ('ITC'), will discharge 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 aligned to the activities listed in Schedule VII read with Section 135 of the Companies Act, 2013.

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	2
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 details 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 (attach the report) - **Not Applicable**

5. Details of the amount available for the set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required to set off for the financial year, if any - **Not Applicable**

6. Average net profit of the Company as per section 135(5) - ₹ **8,86,75,333**/-

7. (a) Two percent of average net profit of the Company as per section 135(5) – ₹ **17,73,507**/-

   (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 (7a+7b-7c) – ₹ **17,73,507**/-

8. (a) 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.
18,00,000/-	-	-	-	-	-

   (b) Details of CSR amount spent against ongoing projects for the financial year: **Not applicable**

   (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/ No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Digital Platform for self-learning of School kids aged 5-10 years in 4 Lower Primary Schools	Item (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Assam	Darrang	17,85,000/-	No	SOCIAL ACTION FOR APPROPRIATE TRANSFORMATION AND ADVANCEMENT IN RURAL AREAS (SATRA)	CSR00002353
	Total					17,85,000/-			

   (d) Amount spent in Administrative Overheads – ₹ **15,000**/- **(Audit fees)**

   (e) Amount spent on Impact Assessment, if applicable – **Not applicable**

   (f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ **18,00,000**/-

   (g) Excess amount for set off, if any – **Not Applicable**

9. (a) Details of Unspent CSR amount for the preceding three financial years:- Not applicable

   (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial years(s) - **Not Applicable**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – **Not applicable**

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per Section 135(5) – **Not Applicable**

Dated: 12th April, 2022

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, 2022

ANJAN KUMAR ROY & CO

COMPANY SECRETARIES

A Peer Reviewed Firm

Pursuant to the Guidelines issued by the Institute of Company Secretaries of India

UDIN: F005684D000059375

Form No. MR-3

Secretarial Audit Report

For the financial year ended 31st March, 2022

[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

1) We have conducted the secretarial audit of the compliance of applicable statutory provisions and in a manner that provided us a reasonable basis for evaluating the corporate conducts and adherence to good corporate practices by **M/s. North East Nutrients Private Limited** having **CIN: U15122WB2013PTC196135** (herein after to be referred as 'the Company') during the financial year ended 31st March, 2022 (herein after to be referred as 'audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliances of the Company for expressing our opinion thereon.

2) On the basis of aforesaid verification of the secretarial compliance and on the basis of secretarial audit of Company's records, forms, and returns as maintained by the Company and as provided to us during the said audit through information technology, and also relying on the Management Representation Letter provided by the Company, its officers, agents and authorized representatives during the conduct of the aforesaid 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, 2022, complied with the statutory provisions listed hereunder and 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) We further report that compliance with applicable laws is the responsibility of the Company and our report constitutes an independent opinion. Our report is neither an assurance for future viability of the Company nor a confirmation of efficient management by the Company.

4) (a) We have examined the secretarial compliance based on the documents, papers, information, and other records provided by the Company to us during our audit, according to the provisions of the following law:

   (i) The Companies Act, 2013 and the Rules made thereunder;

   (b) On the basis of documents provided to us and representation made by the Officer of the Company we have examined the compliance of the following laws specifically applicable to the Company:

   (i) Food Safety & Standards Act, 2006 and Rules made thereunder;

   (ii) Legal Metrology Act, 2009 and Rules made thereunder along with applicable factory related laws, labour laws and environmental laws.

5) We have also examined compliance with the applicable clauses of the following:

   (i) Secretarial Standards issued by The Institute of Company Secretaries of India under section 118 of the Companies Act, 2013.

6) That on the basis of the audit as referred above, to the best of our knowledge, understanding, and belief, we are of the view that during the audit period the Company has, complied with the provisions of the Act, Rules, Standards, etc. mentioned above in paragraph 4(a), 4(b) and paragraph 5 of this report.

7) We further report that,

   a) The Board of Directors of the Company is duly constituted with proper balance of Directors. The Company does not have any Executive Director during the audit period. Further, during the audit period Mr. K V Raghavaiah (DIN: 07114270) has ceased to be an Independent Director of the Company on completion of his second tenure as an Independent Director of the Company.

   b) Adequate notice is given to all directors to schedule the board meetings, agenda and notes on agenda were sent at least seven days in advance.

   c) Majority decision is carried through and recorded as part of the minutes.

8) 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, guidelines, and laws related to taxation, local laws applicable to the area of operation of business and other laws generally applicable to Company.

9) 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, Anjan Kumar Roy & Co
Company Secretaries

Place : Kolkata
Date : 12th April, 2022

Anjan Kumar Roy
Proprietor
FCS No. 5684
CP. No. 4557
Peer Review Certificate No. 869/2020
UDIN: F005684D000059375

Annexure 'A'

(To the Secretarial Audit report of M/s. North East Nutrients Private Limited for the financial year ended 31st March, 2022)

To,
The Members,
M/s. North East Nutrients Private Limited
Kanak Towers, 3rd Floor,
7A, Anandilal Poddar Sarani,
Kolkata – 700071.

Our Secretarial Audit Report for the financial year ended 31st March, 2022 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 processes as were appropriate, to the best of our understanding, to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to check as to whether correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion. The aforesaid Audit has been conducted through information technology medium and digital mode in the best possible manner.

3) We have not verified the correctness, appropriateness or adequacy of financial records and Books of Accounts. However, we have verified as to whether or not the Board process and approvals in various Committees have been complied with, during the period under review.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and happening of events etc.

5) The compliance of the provisions of corporate and other applicable laws, rules, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis to assess the compliance of secretarial duties and Board process.

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, Anjan Kumar Roy & Co
Company Secretaries

Place : Kolkata
Date : 12th April, 2022

Anjan Kumar Roy
Proprietor
FCS No. 5684
CP. No. 4557
Peer Review Certificate No. 869/2020
UDIN: F005684D000059375

<u>Annexure 3 to the Report of Board of Directors for the financial year ended 31st March, 2022</u>

FORM AOC – 2

for the Financial Year ended 31st March, 2022

(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 25th November, 2020
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year ₹ 17,159.99 lakhs (including applicable taxes).
(e)	Date(s) of approval by the Board	19th August, 2020
(f)	Amount paid as advances, if any.	Nil

By order of the Board
North East Nutrients Private Limited

Dated: 12th April, 2022
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, 2022

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 2021-22

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*	32	Chief Financial Officer	49,66,732	34,60,381	A.C.A.	8	01.08.20	Category Finance Manager, ITC Limited
2	Mr. Neeraj Jaligam*	27	Process Excellence Manager	34,51,641	24,18,630	B. Tech in Mechanical Engineering	5	05.07.19	Technical AUT, ITC Limited
3	Mr. Aniruddha Patra*	38	Head of Operations	33,88,188	24,07,144	B. Tech in Chemical Engineering	12	15.05.20	Assistant Manager - Technical, ITC Limited
4	Ms. Savitha Bai S.*	39	Manager & Company Secretary	14,17,641	10,55,049	B.Com, A.C.S., MBL	19	01.03.16	Finance Executive, ITC Limited
5	Mr. Sanjeeb Kumar Kanu	50	Assistant Manager – Finance	13,91,710	11,45,697	M.Com	19	08.12.15	Deputy Manager - Accounts, FENA Private Limited
6	Mr. Mrinmoy Koushik	38	HR Manager	9,88,826	8,83,306	M.B.A. in HR	15	01.09.20	Manager HR & Admin, SRD Nutrients Private Limited
7	Mr. Pramod Kumar Shrivastav	40	Executive – Logistic & Procurement	7,65,634	7,09,194	B.A.	12	20.11.17	Store Manager, Unibics Foods India Private Limited
8	Mr. Swayan Siddha Mohapatra	31	Electrical Engineer	7,34,267	6,78,438	B. Tech in Electrical & Electronics	11	05.06.20	Assistant Manager, Premier Cryogenics Limited
9	Mr. Ashok Kumar Hazarika	41	Maintenance Manager	7,30,680	6,80,688	Diploma in Instrumentation	17	01.02.21	Deputy Manager Engineering, Manjushree Technopack Limited
10	Mr. Srimanta Banerjee	41	Manager-Quality	6,83,137	6,33,145	B. Science (Chemistry)	14	20.07.16	Quality Supervisor, GEO Nutrients Private Limited

Notes:

* On deputation from ITC Limited, the Holding company (ITC); remuneration borne by the Company as per the terms of deputation of their services.

1. None of the employees mentioned above is a relative of any Director or Manager of the Company.
2. None of the employees hold equity shares of the Company, singly or along with spouse and dependent children.
3. 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.
4. Net Remuneration comprises cash income less:

   (a) income tax, surcharge (as applicable) & education cess deducted at source.

   (b) Manager's own contribution to Provident Fund.
5. All appointments (except in case of employees on deputation) are contractual in accordance with terms and conditions as per Company rules.
6. Experience shown in Column H includes service with previous employers.

By order of the Board
North East Nutrients Private Limited

Dated: 12th April, 2022
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, 2022, 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, 2022, 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 (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(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 (which are material either individually or in the aggregate) 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 27 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.

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:22209252AGWPDO1342

Date : April 12, 2022
Place : Chennai

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, 2022 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 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, 2022, 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:22209252AGWPDO1342

Date : April 12, 2022
Place : Chennai

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 the 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. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lender.

(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, 2022 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, 2022 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, 2022.

(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) 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 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 covering the period February 2020 to February 2021.

(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.

(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 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**
Chartered Accountants
(Firm's Registration No.302009E)
Ananthi Amarnath
(Partner)
(Membership No. 209252)
UDIN:22209252AGWPDO1342

Date : April 12, 2022
Place : Chennai

BALANCE SHEET AS AT 31ST MARCH, 2022

	Note	As at 31st March, 2022 Amount (in Lakhs)		As at 31st March, 2021 Amount (in Lakhs)	
ASSETS					
Non-current assets					
(a) Property, plant and equipment	1A		**7,011.10**		7,414.14
(b) Capital work-in-progress	1B		**7.78**		256.59
(c) Deferred tax assets (net)	2		**358.36**		143.04
(d) Other non-current assets	3		**77.46**		119.74
Total non-current assets			**7,454.70**		7,933.51
Current assets					
(a) Inventories	4		**1,193.35**		1,349.62
(b) Financial assets					
(i) Investments	5	**2,101.75**		1,632.21	
(ii) Trade receivables	6	**647.03**		602.52	
(iii) Cash and cash equivalents	7A	**33.31**		21.64	
(iv) Other Bank balances	7B	**500.00**		–	
(v) Other financial assets	8	**4.68**	**3,286.77**	–	2,256.37
(c) Other current assets	3		**649.22**		1,086.35
Total current assets			**5,129.34**		4,692.34
Total assets			**12,584.04**		12,625.85
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	9	**7,300.00**		7,300.00	
(b) Other equity		**2,507.96**	**9,807.96**	1,071.18	8,371.18
Total Equity			**9,807.96**		8,371.18
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	10		**–**		1,800.00
(b) Provisions	11		**114.90**		81.73
Total non-current liabilities			**114.90**		1,881.73
Current liabilities					
(a) Financial Liabilities					
(i) Borrowings	12	**1,800.00**		1,220.00	
(ii) Trade payables					
(A) Dues of micro, small and medium enterprises	22	**5.71**		66.05	
(B) Dues of creditors other than micro, small and medium enterprises	22	**501.07**		746.30	
(iii) Other financial liabilities	13	**206.29**	**2,513.07**	205.17	2,237.52
(b) Provision for current liabilities	14		**5.41**		3.17
(c) Other current liabilities	15		**142.70**		132.23
Total current liabilities			**2,661.18**		2,372.94
Total equity and liabilities			**12,584.04**		12,625.85

The accompanying notes 1 to 28 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 of Directors
NORTH EAST NUTRIENTS PRIVATE LIMITED

ANANTHI AMARNATH
Partner

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

S. YANDURU
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Chennai, 12th April, 2022

Bengaluru, 12th April, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

		Note	For the year ended 31st March, 2022 Amount (in Lakhs)	For the year ended 31st March, 2021 Amount (in Lakhs)
I	Revenue from operations	16	16,390.28	17,251.87
II	Other income	17	68.22	36.73
III	**Total Income (I+II)**		16,458.50	17,288.60
IV	**EXPENSES**			
	Cost of material consumed		10,524.92	10,975.40
	Changes in inventories of finished goods		83.89	(10.32)
	Employee benefits expense	18	705.15	810.13
	Finance costs	19	253.60	340.79
	Depreciation and amortization expense	1A	758.80	718.07
	Other expenses	20	2,619.49	3,178.38
	Total expenses (IV)		14,945.85	16,012.45
V	**Profit before tax (III- IV)**		1,512.65	1,276.15
VI	**Tax expense:**			
	Current Tax		294.63	258.30
	MAT credit entitlement	2	(285.61)	(258.30)
	Deferred Tax	2	60.49	370.11
VII	Profit for the year (V-VI)		1,443.14	906.04
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss:			
	–- Remeasurements of defined benefit plans	20 (ii)	(6.36)	1.55
VIII	**Total other comprehensive income**		(6.36)	1.55
IX	**Total comprehensive income forthe period/year (VII+VIII)**		1,436.79	907.59
X	Earnings per equity share (Face Value Rs.10 per share): Basic and Diluted (in ₹)	21	1.98	1.24

The accompanying notes 1 to 28 are an integral part of the Financial Statements.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner

Chennai, 12th April, 2022

For and on behalf of the Board of Directors
NORTH EAST NUTRIENTS PRIVATE LIMITED

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

S. YANDURU
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 12th April, 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

	For the year ended 31st March, 2022 Amount (in Lakhs)		For the year ended 31st March, 2021 Amount (in Lakhs)	
A. Cash flow from operating activities				
Profit before tax		1,512.65		1,276.15
Adjustments for:				
Depreciation and amortisation expense	758.80		718.07	
Finance costs	253.60		340.79	
Income from investments in mutual funds	(41.08)		(23.16)	
Income from fixed deposits	(17.08)	954.24	–	1,035.70
Operating profit before working capital changes		2,466.89		2,311.85
Changes in working capital:				
Adjustments for :				
Trade receivables and other current assets	376.62		(27.22)	
Inventories	156.28		(270.18)	
Adjustment for:				
Trade payables, other liabilities and provisions	(264.68)	268.22	425.58	128.19
Cash generated from operations	2,735.11		2,440.04	
Income tax paid	(230.79)		(136.59)	
Net cash from operating activities (A)		2,504.32		2,303.45
B. Cash flow from investing activities				
Purchase of property, plant and equipments including capital work-in-progress	(106.95)		(232.37)	
Interest received on bank deposits and maturity of bank deposit	16.40		–	
Purchase of mutual fund	(2,439.92)		(2,159.92)	
Proceeds on redemption of mutual funds	2,011.42		550.88	
Fixed deposit in bank	(500.00)	(1,019.05)	–	(1,841.42)
Net cash used in investing activities (B)		(1,019.05)		(1,841.42)
C. Cash flow from financing activities				
Dividend paid	(180.00)		(45.00)	
Repayment of borrowings	(1,220.00)		(247.54)	
Interest paid on borrowings	(73.60)	(1,473.60)	(160.79)	(453.33)
Net cash from/(used in) financing activities (C)		(1,473.60)		(453.33)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		11.67		8.70
Cash and cash equivalents at the beginning of the year		21.64		12.94
Cash and cash equivalents at the end of the year		33.31		21.64

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 28 are an integral part of the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

ANANTHI AMARNATH
Partner

Chennai, 12th April, 2022

For and on behalf of the Board of Directors
NORTH EAST NUTRIENTS PRIVATE LIMITED

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

S. YANDURU
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 12th April, 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

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, 2021	7,300.00	-	7,300.00	-	7,300.00
For the year ended 31st March, 2022	**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	General reserve	Retained earnings	Remeasurements of defined benefit plans	
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)
Total Comprehensive Income for the year	-	-	**1,443.14**	**(6.36)**	**1,436.78**
Balance as at 31st March, 2022	-	-	**2,512.78**	**(4.81)**	**2,507.96**
Balance as at 1st April, 2020	-	-	**163.59**	-	**163.59**
Profit for the year	-	-	906.05	-	906.05
Other Comprehensive Income (net of tax)	-	-	-	1.55	1.54
Total Comprehensive Income for the year	-	-	906.05	1.55	907.59
Balance as at 31st March 2021	-	-	**1,069.64**	**1.55**	**1,071.18**

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

ANANTHI AMARNATH

Partner

Chennai, 12th April, 2022

For and on behalf of the Board of Directors

NORTH EAST NUTRIENTS PRIVATE LIMITED

S. DEKA, Director

N. K. JASPER, Director

P. WALI, Chairman

S. YANDURU, Chief Financial Officer

SAVITHA BAI S., Manager & Company Secretary

Bengaluru, 12th April, 2022

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.

NOTES TO THE FINANCIAL STATEMENTS

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. 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 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 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.

I. 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.

Financial liabilities are derecognised when the liability is extinguished, that is, when contractual obligation is discharged, cancelled and on expiry.

J. REVENUE RECOGNITION

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 is shown including taxes and duties which are payable on manufacture of goods, if any, but excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods.

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.

K. 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.

L. 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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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.

M. 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.

N. 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.

O. 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.

P. 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.

Q. 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 depend 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, 2020	Additions	Withdrawals and adjustments	As at 31st March, 2021	Additions	Withdrawals and adjustments	As at 31st March, 2022
1A. Property, plant and equipment*							
Land Freehold	397.35	-	-	397.35	-	-	**397.35**
Buildings - Freehold	5,593.85	-	-	5,593.85	**35.15**	-	**5,628.99**
Plant and Equipment	5,825.63	365.82	-	6,191.45	**304.23**	-	**6,495.68**
Furniture and Fixtures	83.16	3.46	-	86.62	**6.87**	-	**93.49**
Vehicles	43.04	-	-	43.04	-	-	**43.04**
Office Equipment	49.02	7.03	-	56.05	**9.52**	-	**65.57**
Total	11,992.04	376.32	-	12,368.35	**355.76**	-	**12,724.12**
1B. Capital work-in-progress [Refer note 1(c)]	400.53	232.37	376.32	256.59	**106.95**	**355.76**	**7.78**
Total	12,392.57	608.69	376.32	12,624.94	**462.71**	**355.76**	**12,731.89**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Particulars	Depreciation and Amortisation					Net Book Value	
	As at 1st April, 2020	For the year	Upto 31st March, 2021	For the year	Upto 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021
1A. Property, plant and equipment*							
Land Freehold	-	-	-	-	-	**397.35**	397.35
Buildings - Freehold	964.17	184.85	1,149.02	166.37	**1,315.39**	**4,313.60**	4,444.83
Plant and Equipment	3,206.63	513.00	3,719.63	570.13	**4,289.75**	**2,205.92**	2,471.82
Furniture and Fixtures	20.92	8.04	28.96	8.64	**37.59**	**55.90**	57.67
Vehicles	19.17	5.11	24.28	5.11	**29.39**	**13.65**	18.76
Office Equipment	25.27	7.07	32.34	8.56	**40.90**	**24.67**	23.71
Total	4,236.15	718.07	4,954.22	758.80	**5,713.02**	**7,011.10**	7,414.14
1B. Capital work-in-progress [Refer note 1(c)]	-	-	-	-	-	**7.78**	256.59
Total	4,236.15	718.07	4,954.22	758.80	**5,713.02**	**7,018.88**	7,670.73

*Refer note 12.1

Note 1(c) Capital Work in progress ageing analysis

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**

As at 31st March, 2021	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	46.23	30.27	180.09	-	256.59
Project temporarily suspended	-	-	-	-	-
Total	**46.23**	**30.27**	**180.09**	-	**256.59**

	As at 31st March, 2022 Amount (in lakhs)		As at 31st March, 2021 Amount (in lakhs)	
	Current	Non-Current	Current	Non-Current
2. Deferred Tax Assets (net)	–	**358.36**	–	143.04
TOTAL	–	**358.36**	–	143.04

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**	**(9.80)**	**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**	-	-	**358.36**

Particulars	As at 1st April, 2020	Current year credit/(charge) to profit and loss account	As at 31st Mar, 2021
MAT credit entitlement (A)	**254.84**	**258.30**	**513.14**
Deferred tax assets/(liabilities) in relation to:			
Provision for expenses (i)	-	(107.69)	(107.69)
Provision for employee benefit expenses(ii)	-	(30.84)	(30.84)
Impact of difference in carrying amount of property, plant and equipment as per tax accounts and books (iii)	-	508.64	508.64
Deferred tax credit/(charge) as per profit and loss statement (B)=(i+ii+iii)	-	**370.11**	**(370.11)**
Net Deferred Tax Asset (A+B)	**254.84**		**143.04**

	As at 31st March, 2022 Amount (in lakhs)		As at 31st March, 2021 Amount (in lakhs)	
	Current	Non-Current	Current	Non-Current
3. Other Non-Current & Current Assets				
Unsecured, considered good				
i) Security Deposits				
1) With statutory authorities	-	**51.45**	-	51.45
2) With others	-	-	-	5.57
ii) Advance Tax	-	**26.01**	-	62.72
iii) Advance with Government authorities	**564.30**	-	994.38	-
iv) Prepaid expenses	**20.15**	-	16.73	-
v) Other advances	**64.77**	-	75.23	-
TOTAL	**649.22**	**77.46**	1,086.35	119.74

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2022 Amount (in lakhs) Current	Non-Current	As at 31st March, 2021 Amount (in lakhs) Current	Non-Current
4. Inventories				
(At lower of cost or net realisable value)				
Raw materials (including packing materials)	623.80	-	719.64	-
Finished goods (manufactured)	137.05	-	220.94	-
Stores and spares	432.50	-	409.04	-
TOTAL	1,193.35	-	1,349.62	-

	As at 31st March, 2022 Amount (in lakhs)	As at 31st March, 2021 Amount (in lakhs)
5. Investments - Current		
Investment in Mutual Fund (mandatorily measured at FVTPL) - Unquoted	2,101.75	1,632.21
TOTAL	2,101.75	1,632.21
5.1. Details of Investment in mutual funds		
Aditya Birla Sun Life Liquid Fund - Growth-Regular Plan 59,162.32 (2021-1,57,985.62) Units of ₹100 each	201.41	520.26
Axis Liquid Fund - Regular Growth 3,1041.41 (2021- Nil) Units of ₹ 1,000 each	729.45	-
Nippon India Liquid Fund - Growth Plan - Growth Option 3,920.27 (2021-7161.08) Units of ₹ 1,000 each	202.46	357.87
UTI Liquid Cash Plan - Direct Plan - Growth 5,902.36 (2021- Nil) Units of ₹ 1,000 each	205.88	-
UTI Liquid Cash Plan - Regular Plan - Growth 21,032.62 (2021-Nil) Units of ₹ 1,000 each	729.14	-
UTI Hybrid Equity Fund - Regular Growth Plan Nil (2021-11,940.81) Units of ₹ 1,000 each	-	400.39
SBI Liquid Fund Regular Growth 1,009.06 (2021-4,686.62) Units of ₹ 1,000 each	33.41	150.12
ICICI Liquid Fund - Growth Nil (2021- 67,175.56) Units of ₹100 each	-	203.57
TOTAL	2,101.75	1,632.21
6. Trade Receivables - Current		
Unsecured, considered good (Refer note 23)	647.03	602.52
TOTAL	647.03	602.52
7A. Cash and cash equivalents		
Balances with Banks		
Current account	31.31	21.64
TOTAL	31.31	21.64
7B. Other Bank balance #		
In deposit accounts	500.00	–
TOTAL	500.00	–
# Represents deposits with original maturity of more than 3 months		
8. Other Financial Assets		
Interest accrued but not due on original maturity of more than 3 months	4.68	–
TOTAL	4.68	–

	As at 31st March, 2022 (No. of Shares in lakhs)	As at 31st March, 2022 Amount (in lakhs)	As at 31st March, 2021 (No. of Shares in lakhs)	As at 31st March, 2021 Amount (in lakhs)
9. Share capital				
Authorised				
Equity Shares of ₹ 10 each	750.00	7,500.00	750.00	7,500.00
Preference Shares of ₹ 100 each	20.00	2,000.00	20.00	2,000.00
Issued, Subscribed and paid up				
Equity Shares of ₹ 10 each, fully paid	730.00	7,300.00	730.00	7,300.00
A) Reconciliation of number of Equity Shares outstanding				
As at beginning of the year	730.00	7,300.00	730.00	7,300.00
Add: Issue of Shares	–	–	–	–
As at end of the year	730.00	7,300.00	730.00	7,300.00

B) Shareholders holding more than 5% of the Equity Shares in the Company

	As at 31st March, 2022 (No. of Shares in lakhs)	As at 31st March, 2022 %	As at 31st March, 2021 (No. of Shares in lakhs)	As at 31st March, 2021 %
ITC Limited (Holding Company)	554.80	76.00	554.80	76.00
Mukul Chandra Deka	43.80	6.00	43.80	6.00
Rajib Kumar Deka	43.80	6.00	43.80	6.00
Anupam Deka	43.80	6.00	43.80	6.00
Samrat Deka	43.80	6.00	43.80	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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2022 Amount (in lakhs)	As at 31st March, 2021 Amount (in lakhs)
10. Non-current borrowings		
Unsecured		
10%, Redeemable Preference share capital of ₹ 100.00 each	–	1,800.00
TOTAL	–	1,800.00

10.1 Cumulative non-convertible redeemable preference shares have been issued in April 2017 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 the residual maturity as at 31st March, 2022 is less than 1 year, the cumulative non-convertible redeemable preference shares have been classified as Borrowings under Current Liabilities.

11. Provisions - Non Current		
Provision for employee benefits [Refer Note 20(ii)(a)]		
Retirement benefits	**114.90**	81.75
TOTAL	**114.90**	81.75
12. Current - borrowings		
Current maturities of long-term debt [Refer note 12.1]	–	1,220.00
10%, Cumulative non-convertible redeemable preference share capital of 100.00 each [Refer note 10.1]	**1,800.00**	–
TOTAL	**1,800.00**	1,220.00

Nature of security and terms for secured long term borrowings (including current maturities of long term borrowings are as under:

12.1 Term loan is secured by a first charge by way of hypothecation/equitable mortgage of entire property, plant and equipment, both present and future. Term loan is repayable in 24 quarterly instalments starting from 30th June, 2016 and carries an interest of 12.00% p.a. During the year, the term loan has been repaid in full.

13. Other Financial liabilities		
Provision for preference share dividend	**180.00**	180.00
Other payables	**26.29**	25.17
TOTAL	**206.29**	205.17
14. Provisions - Current		
Provision for employee benefits [Refer Note 20(ii)(a)]		
Retirement benefits - Current	**5.41**	3.17
TOTAL	**5.41**	3.17
15. Other current liabilities		
Statutory liabilities	**142.70**	132.24
TOTAL	**142.70**	132.24

	For the year ended 31st March, 2022 Amount (in lakhs)	For the year ended 31st March, 2021 Amount (in lakhs)
16. Revenue from operations		
Sale of Products	**14,520.29**	16,315.89
Gross Revenue from sale of products and services	**14,520.29**	16,315.89
Other Operating Revenues		
Subsidies - SGST, CGST & IGST benefit	**1,694.76**	829.40
Income from scrap sale	**96.09**	106.58
Income from Insurance claim	67.59	–
Others	11.55	–
TOTAL	**16,390.28**	17,251.87

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2022 Amount (in lakhs)	For the year ended 31st March, 2021 Amount (in lakhs)
17. Other income		
Interest income from bank deposits measured at amortised cost	17.08	–
Income from Investments in Mutual Fund*	**41.08**	23.16
Income from Security Deposit (From Electricity Board - APDCL)	**4.00**	4.44
Interest on income tax refund	**6.06**	9.13
TOTAL	**68.22**	36.73

*Income from investment in mutual fund comprises

a) Financial assets mandatorily measured at FVTPL Rs. 10.10 Lakhs (2021 - Rs. 19.09)

b) Net gain on sale of investments Rs. 30.98 Lakhs (2021 - Rs. 4.07 Lakhs)

18. Employee benefits expense		
Salaries and wages	**550.13**	578.90
Contribution to provident and other funds	**34.28**	29.40
Staff welfare expenses	**120.74**	201.83
TOTAL	**705.15**	810.13
19. Finance cost		
Interest expense on borrowing measured at amortised cost	**73.60**	160.79
Preference dividend	**180.00**	180.00
TOTAL	**253.60**	340.79
20. Other Expenses		
Power and fuel	**676.55**	830.91
Consumption of stores and spare parts	**200.71**	211.19
Rent	**74.45**	**75.38**
Rates and taxes	**11.39**	12.85
Insurance	**39.16**	33.91
Repairs		
– Machinery	**14.43**	42.40
– Building	**2.52**	10.43
– Others	**49.54**	45.03
Outward freight and handling charges	**300.59**	527.99
Contractual charges	**912.33**	1,036.85
Information technology services	**45.54**	59.13
Travelling and conveyance	**11.35**	13.49
Consultancy / Professional fees	**222.02**	242.89
Corporate social responsibility expenses	**18.00**	11.40
Miscellaneous expenses	**40.91**	24.52
TOTAL	**2,619.49**	3,178.38
Miscellaneous expenses include :		
Auditors' remuneration and expenses *		
statutory audit fees	**8.00**	8.00
tax audit fees	**1.25**	1.25
fee for limited review	**2.00**	-
reimbursement of expenses	**0.30**	0.28
	11.55	9.53

* Excluding taxes

20. Additional Notes to the Financial Statements

(i) Contingent liabilities and commitments :

(a) Contingent liabilities: Nil (2021 - Nil)

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for: ₹ 46.63 lakhs (2021 - 33.48 lakhs).

(ii) (a) Defined Benefit Plans - As per Actuarial Valuations as on 31st March, 2022 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.)

			For the year ended 31st March, 2022 in lakhs	For the year ended 31st March, 2021 in lakhs
			Gratuity	Gratuity
			Unfunded	Unfunded
I	Components of Employer Expense			
	- Recognised in Profit or Loss			
	1	Current service cost	23.73	21.22
	2	Past service cost	–	–
	3	Net interest cost	5.31	3.92
	4	**Total expense recognised in the Statement of Profit and Loss**	29.04	25.14
	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)	(1.30)
	7	Effect of changes in financial assumptions	(6.83)	2.83
	8	Changes in asset ceiling (excluding interest income)	–	–
	9	Effect of experience adjustments	13.19	(3.08)
	10	**Total re-measurements included in Other Comprehensive Income**	6.36	(1.55)
	11	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)**	35.40	23.59
Particulars			Gratuity	Gratuity
II	Actual returns		–	–
III	Net Asset/(Liability) recognised in Balance Sheet			
	1	Present value of Defined Benefit Obligation	120.30	84.90
	2	Fair value of plan assets	–	–
	3	Status [Surplus/(Deficit)]	(120.30)	(84.90)

Net Asset/(Liability) recognised in Balance Sheet	As at 31st March, 2022		As at 31st March, 2021	
	Current	Non-current	Current	Non-current
Gratuity	5.41	114.90	3.17	81.73

			For the year ended 31st March, 2021 in lakhs	For the year ended 31st March, 2020 in lakhs
			Gratuity	Gratuity
IV	Change in Defined Benefit Obligation (DBO)			
	1	Present value of DBO at the beginning of the year	84.90	64.15
	2	Current service cost	23.73	21.22
	3	Interest cost	5.31	3.92
	4	Cash flows	-	(2.83)
	5	Remeasurement losses / (gains):	-	-
		Effect of changes in demographic assumptions	-	(1.30)
		Effect of changes in financial assumptions	(6.83)	2.83
		Effect of experience adjustments	13.19	(3.09)
	10	**Present Value of DBO at the end of the year**	120.31	84.90

V		Actuarial Assumption	As at 31st March, 2022	As at 31st March, 2021
			Discount Rate (%)	Discount Rate (%)
	1	Discount rate	6.75%	6.25%
	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, 2022	As at 31st March, 2021
1	Discount rate +100 basis points	106.18	74.17
2	Discount rate -100 basis points	137.50	98.12
3	Salary Increase Rate +1%	134.42	96.59
4	Salary Increase Rate -1%	107.48	74.92
5	Attrition Rate +1%	114.59	79.98
6	Attrition Rate -1%	127.05	90.78

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.

Note: The Company has started its commercial operations from August 2015. Accordingly, the cost towards defined benefit obligations have been recognized with effect from FY 2015-16.

(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 17 ₹ 34.28 Lakhs (2021 - ₹ 29.40 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 2022 is ₹ 5.70 Lakhs (2021 - ₹ 66.05 Lakhs) on account of trade payables and Nil (2020 - 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 2022. 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 2022	For the year ended 31st March 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; - Principal - Interest	–	–
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.	–	–

(iv) The Company has entered into cancellable operating lease arrangement for office space, residential accommodation, plant & equipment and land for storage of biomass fuel. The lease rentals payable is charged as 'Rent' under Note 19.

(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 is to ITC Limited (Holding Company).

(vi) Financial instruments and related disclosures

1. Capital Management

The Company funds its operations through mix of equity and borrowings. The gearing ratio of the Company as on 31st March 2022 is 0.18:1 (2021 – 0.36:1). 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 ₹ 9,807.97 Lakhs and debt of ₹ 1,800.00 Lakhs. The Company is not subject to any externally imposed capital requirement.

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2. Categories of Financial Instruments

Particulars	Note	As at 31st March, 2022		As at 31st March, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and Cash Equivalents	7A	33.31	33.31	21.64	21.64
ii) Trade Receivables	7B	500.00	500.0	0.00	0.00
iii) Trade Receivables	6	647.03	647.03	602.52	602.52
b) Measured at Fair Value Through Profit or loss					
i) Investment in Mutual Funds	5	2,101.75	2,101.75	1,632.21	1,632.21
Total financial assets		3,282.09	3,282.09	2,256.37	2,256.37
B. Financial liabilities					
a) Measured at amortised cost					
i) Borrowings	9	1,800.00	1,800.00	3,020.00	3,020.00
ii) Trade Payables		506.77	506.77	812.34	812.34
iii) Other financial liabilities	12	206.29	206.29	205.17	205.17
Total financial liabilities		2,513.06	2,513.06	4,037.51	4,037.51

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.

a) 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.

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 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, 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**

Particulars	As at 31st March, 2021						
	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	3,020.00	300.54	307.46	612.00	1,800.00	-	3,020.00
Trade Payables	812.35	812.35	-	-	-	-	812.35
Other Financial Liabilities	205.17	205.17	-	-	-	-	205.17
	4,037.52	**1,318.06**	307.46	612.00	1,800.00	-	**4,037.52**

* 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.

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 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 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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, 2022	As at 31st March, 2021
A. Financial assets			
Measured at Fair Value Through Profit or Loss			
Investment in Mutual Funds	1	**2,101.75**	1,632.21
Total financial assets		**2,101.75**	1,632.21
B. Financial liabilities			
Measured at amortised cost			
Borrowings	2	**1,800.00**	1,800.00
Total financial liabilities		**1,800.00**	1,800.00

(vii) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities :

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
(i) Amount required to be spent by the company during the year	17.74	11.33
(ii) Amount of expenditure incurred	18.00	11.40
(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 the 'Clean Ganga Fund' set-up by the Central Government for rejuvenation of river Ganga
(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

21. Impact of COVID-19 Pandemic

The Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets as at the balance sheet date and has concluded that there are no material adjustments required in the financial statements. The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic. However, the impact of the COVID 19 pandemic on our business will depend on future developments that cannot be reliably predicted. The impact of the COVID 19 pandemic might be different from that estimated as at the date of approval of these financial statements and the Company will closely monitor any material changes to future economic conditions.

22. Trade payables

Aging of trade payables: (₹ in Lakhs)

Trade Payable as on 31.03.2022		Outstanding for the following periods from due date					Total
	Not Due	Unbilled Payable	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
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**

Trade Payable as on 31.03.2021	Outstanding for the following periods from due date						Total
	Not Due	Unbilled Payable	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
MSME	66.05	-	-	-	-	-	66.05
Others	103.45	419.72	211.58	-	11.55	-	746.30
Disputed dues - MSME	-	-	-	-	-	-	-
Disputed dues-Others	-	-	-	-	-		-
Total	169.50	419.72	211.58	-	11.55	-	812.35

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

23. Trade receivables

Aging for trade receivables: (₹ in Lakhs)

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**

Trade Receivables as on 31.03.2021	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	-	602.52	-	-	-	-	602.52
- 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	-	**602.52**	-	-	-	-	**602.52**

24. Financial Ratios

Ratio (numerator/denominator)	For the period ended 31st March 2022	For the period ended 31st March 2021	% Variance	Reason for variance
Current Ratio (Current Assets/Current Liabilities)	1.93	1.98	-3%	-
Debt-Equity Ratio (Borrowings/Equity)	0.18	0.36	-49%	Lower because of debt repayment (Rs. 1,220 Lakhs) in current year
Debt Service Coverage Ratio (Earnings for Debt Service*/Debt Service)	1.62	4.33	-63%	Lower because of debt repayment (Rs 1,220 Lakhs) in current year
Return on Equity (Profit for the Year/Closing Net Worth)	15%	11%	37%	Higher because of improved profitability in current year
Inventory Turnover Ratio (Sale of Products/Closing Inventory)	12.2	12.1	1%	-
Trade Receivables turnover ratio (Sale of Products /Closing Trade Receivables)	22.4	27.1	-17%	-
Trade Payables turnover ratio (Sale of Products /Closing Trade Payables)	28.8	20.1	43%	Higher because of lower closing trade payables
Net Capital turnover Ratio (Sale of Products /Working Capital**)	5.9	7.0	-16%	-
Net Profit Ratio (Profit for the year/Sale of Products)	10.0%	5.6%	79%	Higher because of improved profitability in current year
Return on Capital employed (Profit Before Interest and Tax /Closing Capital Employed)	14.7%	13.7%	7%	-
Return on Investment (Income from Treasury Surplus/Average Treasury Surplus at Cost)	3.60%	3.20%	13%	-

*Earnings for Debt Service: Profit for the year + Depreciation + Finance Cost
**Working Capital: Current Assets - Current Liabilities

25. Tax Expense

(a) Income Tax recognised in statement of Profit & Loss

Particulars	**For the year ended 31st Mar, 2022**	For the year ended 31st Mar, 2021
Current tax		
In respect of the current year		
Provision for MAT	**285.61**	258.30
Add: Tax on short term capital gains	**9.02**	–
Total	**294.63**	258.30
Less : MAT credit	**(285.61)**	(258.30)
	9.02	–
Deferred Tax		
In respect of the current year	**60.49**	370.11
	69.51	370.11

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(b) Income Tax recognised in other comprehensive income

Particulars	For the year ended 31st Mar, 2022	For the year ended 31st Mar, 2021
Deferred Tax		
Reimbursement of defined benefit obligation	–	–
Total Income Tax recognised in other comprehensive income	–	–

(c) Reconciliation of Tax expense and accounting profit

		31st Mar, 2022	31st Mar, 2021
Profit before tax		1,512.65	1,276.15
Applicable Tax Rate		29.12%	29.12%
Income Tax calculated at applicable rate	A	440.48	371.62
Adjustment on account of :			
Effect on account of incentive U/s 80IE and unabsorbed depreciation		(404.53)	(32.97)
Effect on account of permanent differences		33.56	31.46
	B	(370.97)	(1.51)
Income tax expense recognised in statement of profit and loss(A+B)		69.51	370.11

26.1. Related Party Disclosures

1 The company has the following related parties

Holding Company

ITC Limited

Key Management Personnel	
Paritosh Wali	Non- Executive Chairman
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)

26. Related Party Disclosures (contd.)

(All Figure in Lakhs)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2022

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					
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
1	Sale of goods (incl of & GST)	17,159.99	19,405.81	-	-	-	-	-	-	-	-			-	-	17,159.99	19,405.81
2	Purchase of goods/ services (incl of & GST)	392.40	163.15	-	-	-	-	0.28	0.29	3.47	0.65	0.14	0.50	-	-	396.19	164.58
3	Leasing or rental services (incl of & GST)	40.94	44.44	-	-	-	-	-	-	-	-	-	-	-	-	40.94	44.44
4	Management services (incl of & GST)	-	-	8.35	9.35	-	-	218.06	218.06	-	-	-	-	-	-	226.42	227.41
5	Labour contract services (incl of & GST)	-	-	-	-	-	-	1,020.79	1,019.66	-	-	-	-	-	-	1,020.79	1,019.66
6	Internal Audit fees (incl of & GST)	2.07	2.07	-	-	-	-	-	-	-	-	-	-	-	-	2.07	2.07
7	Preference dividend/ interest	180.00	180.00	-	-	73.60	160.79	-	-	-	-	-	-	-	-	253.60	340.79
8	Remuneration to Key Management Personnel																
	- Directors	-	-	-	-	-	-	-	-	-	-	-	-	0.60	0.80	0.60	0.80
9	Remuneration of managers on deputation reimbursed	140.85	128.52	-	-	-	-	-	-	-	-	-	-	-	-	140.85	128.52
10	Payment towards loan repayment	-	-	-	-	1,220.00	247.54	-	-	-	-	-	-	-	-	1,220.00	247.54

Compensation of key management personnel

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

	2022	2021
- K. V. Raghavaiah (Sitting fees)	0.60	0.80

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					
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021		2021	2022	2021
Balances as at 31st March, 2021 (unsecured unless otherwise stated)																	
1	Receivables*	678.49	602.52	-	-	-	-	-	-	-	-	-	-	-	-	678.49	602.52
2	Loans Taken	-	-	-	-	-	** 12,20.00	-	-	-	-	-	-	-	-	-	1,220.00
3	Payables*	31.63	0.13	-	-	-	-	-	-	-	-	-	-	-	-	31.63	0.13
4	Preference Share Capital	1,800.00	1,800.00	-	-	-	-	-	-	-	-	-	-	-	-	1,800.00	1,800.00

* The amount of receivable from ITC Limited will be settled in cash. ₹ 646.86 lakhs (PY ₹ 602.39 lakhs)

** Loan from Russell Credit Limited is secured by way of hypothecation/equitable mortgage.

27. The Board of Directors at their meeting held on 12th April, 2022 recommended a dividend of Rs.0.30 per equity share for the financial year ended 31st March, 2022 aggregating to Rs.219 Lakhs, for the approval of shareholders at the ensuing Annual General Meeting.

28. The financial statements were approved for issue by the board of directors on 12th April, 2022.

For and on behalf of the Board of Directors

S. DEKA
Director

N. K. JASPER
Director

P. WALI
Chairman

S. Yanduru
Chief Financial Officer

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 12th April, 2022

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, 2022.

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 for the FMCG and Pharmaceutical industries.

Your Company's order book improved during the year, with customers confirming orders for packaging machines. However, the business sentiments remained subdued due to uncertainties arising out of subsequent waves of the COVID-19 pandemic. Your Company's Revenue from Operations for the year stood at ₹ 1,161.92 lakhs (previous year: ₹ 629.07 lakhs) with a Net Loss of ₹ 42.48 lakhs (previous year: Loss of ₹ 242.02 lakhs). The Company continues to focus on developing superior solutions to address customer requirements.

The Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT'), vide Order dated 9th April, 2021, had confirmed the 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, in lieu of payment not exceeding ₹ 1/- per Equity Share to such shareholders.

During the year under review, the aforesaid reduction of Equity Share Capital of your Company became effective, and the Company became a wholly owned subsidiary of ITC Limited with effect from 29th July, 2021, upon completion of necessary formalities under Section 66 of the Companies Act, 2013 ('Act') and as directed by the NCLT. The above-mentioned consideration has been remitted to the public shareholders (other than the non-resident shareholders holding shares on repatriation basis to whom fair value of 0.22 per Equity Share has been paid and necessary application to the Reserve Bank of India has been made for payment of the balance consideration).

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

As you are aware, Mr. R Senguttuvan who was on deputation from ITC Limited, the Holding Company ('ITC'), stepped down as Managing Director of the Company with effect from the close of work on 7th May, 2021, consequent to his retirement from the services of ITC. Your Directors place on record their appreciation for the valuable contribution made by Mr. Senguttuvan during his tenure.

Mr. Samir Vijay Limaye (DIN: 01757813) was appointed as the Whole-time Director of your Company for a period of two years with effect from 7th June, 2021, at the 98th Annual General Meeting ('AGM') of the Company held on 27th September, 2021. The appointment of Mr. Limaye 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. Partho Chatterjee, Independent Director of your Company, passed away on 1st December, 2021. Your Directors deeply mourn the demise of Mr. Chatterjee and place on record their appreciation for the valuable contribution made by Mr. Chatterjee during his association with the Company.

Mr. Subhatosh Banerjee, Independent Director of your Company, ceased to be Director with effect from 4th February, 2022, consequent to completion of his second term as an Independent Director. Your Directors place on record their appreciation for the valuable contribution made by Mr. Banerjee during his tenure.

There were no other changes in the composition of the Board of Directors ('Board') and Key Managerial Personnel of your Company during the year under review.

(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. Rajiv Tandon (DIN: 00042227) and Mr. Dipak Kumar Dutta (DIN: 00078772), 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.

(c) Remuneration Policy

The Remuneration Policy of the Company for the Directors, Key Managerial Personnel and other employees, as approved by the Board, is enclosed as **Annexure 1** to this Report.

5. BOARD AND BOARD COMMITTEES

Consequent to the Company becoming a wholly owned subsidiary, it is not required to continue with the Board Committees in terms of the requirements of the Act and Rules thereunder.

Accordingly, all the three Board Committees of the Company, i.e. Audit Committee, Nomination and Remuneration Committee and the Security holders Relationship Committee, have been dissolved.

Five meetings of the Board were held during the year ended 31st March, 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 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 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 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 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 2** 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.

9. 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, appointed by the Board, 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.

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 internal financial controls. The Board provides guidance on internal controls and, 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.

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, 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 of the Company in the prescribed Form AOC-2 are enclosed under **Annexure 3** 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 re-appointed as the 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 2022-23. 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

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 for the Company. The Company 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. During the year under review, the Company earned foreign exchange of ₹ 334.57 lakhs, while there was no outflow of foreign exchange.

18. 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

R. Tandon Chairman

Date: 28th April, 2022 **S. V. Limaye** Director

<u>**Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2022**</u>

<u>**Remuneration Policy**</u>

The Company's Remuneration Strategy is designed to attract and retain talent that gives its business a unique 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, is aligned with and reinforces the employee value proposition of a superior quality of work life, that includes 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.

<u>**POLICY**</u>

It is the Company's policy:

1. To ensure that its Remuneration practices support and encourage meritocracy.
2. To ensure that Remuneration is market-led and takes into account the competitive context of the Company's business.
3. To leverage Remuneration as an effective instrument to enhance performance and therefore to link the remuneration to both individual and collective performance outcomes.
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.

<u>**Remuneration of Managing / Wholetime Directors, Key Managerial Personnel and Senior Management**</u>

1. Remuneration of Key Managerial Personnel and Senior Management is determined and recommended by the Nomination and Remuneration Committee* and approved by the Board. Remuneration of Managing Director / Wholetime Director / Manager is also subject to the approval of the shareholders.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market.
3. Apart from fixed elements of remuneration and benefits, Key Managerial Personnel and Senior Management are also eligible for Variable Pay / Performance Bonus which is linked to their individual performance and the overall performance of the Company.
4. Remuneration of KMP on deputation from the Holding Company / subsidiary / fellow subsidiary / associate companies, is aligned to the Remuneration Policy of that company.

<u>**Remuneration of Non-Executive Directors**</u>

Non-Executive Directors are entitled to sitting fees for attending meetings of the Board and Board Committees, the quantum of which is determined by the Board, within the limits prescribed under the Companies Act, 2013 and the Rules thereunder. Non-Executive Directors are also entitled to reimbursement of expenses for attending meetings of the Board and Board Committees and General Meetings.

<u>**Remuneration of Management Staff**</u>

1. Remuneration of Management Staff is approved by the Board on the recommendation of the Executive Management Committee.
2. Remuneration is reviewed and revised periodically, when such a 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 track record of the individual employee.
3. Variable Pay cognises for the performance rating of the individual employee and the overall performance of the Company.

<u>**Remuneration of Non-Management Staff**</u>

1. Remuneration of non-management staff is market-led, leverages performance and is approved by the Executive Management Committee.
2. Remuneration of non-management unionised employees is determined through a process of negotiations with the recognised union/s or employee representatives, through a long-term agreement.
3. Remuneration, comprising fixed and variable components, is arrived at based on benchmarking with region-cum-industry practices and cognizing for market dynamics, competitiveness of the unit, overall performance of the Company's business, availability of skills, inflation/cost of living and the impact of cost escalation and productivity gains on present and future competitiveness.

**Dissolved with effect from 22nd January, 2022.*

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2022

[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*	36	Chief Financial Officer	76,53,531/-	44,99,478/-	B. Com, A.C.A	12	01.07.2017	Assistant Manager (Finance) – ITC Limited
S. V. Limaye #	56	Whole-time Director	36,25,396/-	24,04,288/-	B.E. (Prodn.), P.G.P.M.	29	11.01.2021	Deputy General Manager – Cosmo Films Limited
Y. V. Potdar	44	Manager – Purchase	9,25,638/-	8,65,460/-	Diploma in Mechanical Engineering	23	13.08.2018	Factory Head - Wraptech Pvt. Ltd.
A. G. Gaikar	33	Manager – Sales	8,29,192/-	7,81,548/-	B.E. (Mechanical)	11	16.08.2019	Deputy Manager - FBF Homogenizers India Pvt. Ltd.
V. S. Jadhav	47	Manager – Accounts	7,40,204/-	6,72,228/-	B.Com	26	05.02.2006	Accounts Assistant – Fudkor India Pvt. Ltd.
G. S. Patil	35	Manager – Service	6,19,425/-	5,70,360/-	B.E.(Instruments)	13	17.07.2017	Service Engineer - Sipa India Pvt. Ltd.
A. L. Dhule	36	Manager – Production	5,71,738/-	5,26,038/-	B.E.(Mechanical)	11	01.11.2018	Jr Project Manager - S S Engineering & Consultant Pvt Ltd.
R. S. Reddy	27	Manager – Sales	5,27,900/-	4,82,200/-	B. Tech. (Mechanical)	8	14.11.2018	Service Engineer - Chamunda Pharma Machinery Private Limited.
L. G. Patil	43	Asst. Manager – Service	5,14,267/-	4,68,567/-	HSC, ITI	22	24.09.2007	Maintenance Foremen - Global Healthcare -
P D Medidar	55	Technician	4,90,166/-	4,46,966/-	SSC, NCVT ITI	35	01.12.1986	N.A.

** On deputation from ITC limited, the Holding Company. (ITC).*

#On deputation from ITC. Was appointed as Vice President with effect from 11th January 2021 and Whole-time Director with effect from 7th June 2021.

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 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 in previous year(s) 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 conferred upon the employee by grant of such Options and accordingly the said grants have 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

R. Tandon Chairman

Dated : 28th April, 2022 **S. V. Limaye** Director

Annexure 3 to the Report of the Board of Directors for the financial year ended 31st March, 2022

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 - ₹ 52.11 lakhs
e)	Date of approval by the Board, if any	–
f)	Amount paid as advances, if any	Nil

On behalf of the Board

R. Tandon Chairman

Dated : 28th April, 2022 **S. V. Limaye** Director

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 2022, 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 2022, 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.

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 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 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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 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;
      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 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, 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 (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, 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;

      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.

      d. The company has not declared any dividend or paid any dividend during the year and has not proposed final dividend for the year.
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 : 22209252AIHINI8243

Place: Chennai
Date : April 28, 2022

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, 2022 in conjunction with our audit of Ind AS financial statements of the Company for the year ended on that.

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 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, 2022, 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.

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For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN : 22209252AIHINI8243

Place: Chennai
Date : April 28, 2022

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. In respect of the Company's Property, Plant and Equipment and Intangible Assets,

a. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and equipment.

(ii) 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 explanation 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, 2022 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. The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, 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. 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 that are covered under the provisions of sections 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 3(v) of the Order is 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. In respect of statutory dues:

a. (i) The Company has been regular in depositing 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 it to the appropriate authorities in all cases during the year.

(ii) 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 March 31, 2022 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, 2022 (specify year end date) on account of disputes are given below,

Name of Statute	Nature of Dues	Amount (in lakhs)	Period to which amount relates	Forum where the dispute is pending	Re-marks, if any
The Central Goods and Service Tax Act, 2017	Goods and Service tax	15.85	Dec 2019	Additional Commissioner (Appeal)	-

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. 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 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. 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 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) or term loans and hence reporting under clause (x) of the order is not applicable to the Company.

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. 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 (xiii) 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 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 as required by the applicable accounting standards.

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 of the company issued till date, for the period under audit.

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 persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. a. The Company is not required to be registered under section 45-I 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. Reporting under clause 3(xvi)(d) of the Order is not applicable for the company.

xvii. The company has incurred cash losses amounting to Rs 34.70 lakhs during the year and Rs 235.98 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 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 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 prepare consolidated financial statement and hence clause 3 (xxi) is not applicable

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN : 22209252AIHINI8243

Place: Chennai
Date : April 28, 2022

BALANCE SHEET AS AT 31ST MARCH, 2022

	Note		As at 31st March, 2022 (₹ in Lakhs)		As at 31st March, 2021 (₹ in Lakhs)
ASSETS					
Non-current assets					
a) Property, Plant and Equipment	1A		60.73		64.13
b) Intangible assets	1B		0.90		4.51
c) Deferred Tax Assets (net)	2		–		–
d) Other non-current assets	3		7.05		38.90
Total Non-current assets			68.68		107.54
Current assets					
a) Inventories	4		169.22		149.84
b) Financial Assets					
(i) Investments	5	200.07		300.59	
(ii) Trade receivables	6	89.18		74.39	
(iii) Cash and cash equivalents	7	34.83		138.26	
(iv) Other Bank Balance	8	30.93	355.01	17.53	530.77
c) Other current assets	3		30.84		4.50
Total Current assets			555.07		685.11
Total Assets			623.75		792.65
EQUITY AND LIABILITIES					
Equity					
a) Equity Share capital	9	1,850.81		1,884.60	
b) Other Equity		(2,183.70)	(332.89)	(2,139.35)	(254.75)
Liabilities					
Non-current liabilities					
a) Financial Liabilities					
(i) Borrowings	10		500.00		500.00
(ii) Other Financial Liabilities	11		1.21		0.94
b) Provisions	12		6.57		6.86
Total Non-current liabilities			507.78		507.80
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)]		152.74		232.31	
iii) Other financial liabilities	11	138.04	290.78	79.92	312.23
b) Other current liabilities	13		156.98		225.22
c) Provisions	12		1.10		2.15
Total Current liabilities			448.86		539.60
Total Equity and Liabilities			623.75		792.65

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

RAJIV TANDON
Chairman

Place : Kolkata
Date : 28th April, 2022

SAMIR V LIMAYE
Wholetime Director

Place : Ambernath
Date : 28th April, 2022

S K SIPANI
Company Secretary

Place : Chennai
Date : 28th April, 2022

SHARAD MUNDRA
Chief Financial Officer

Place : Chennai
Date : 28th April, 2022

Place : Chennai
Date : 28th April, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

		Note	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
I	Revenue From Operations	14	1,161.92	629.07
II	Other Income	15	19.02	26.96
III	**Total Income (I+II)**		1,180.94	656.03
IV	**EXPENSES**			
	Cost of materials consumed		663.55	396.56
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress		10.71	21.05
	Employee benefits expense	16	257.34	238.77
	Finance costs	17	45.00	45.00
	Depreciation and amortization expense	1A & 1B	4.70	5.66
	Other expenses	18	242.12	191.01
	Total expenses (IV)		1,223.42	898.05
V	**Profit / (Loss) before tax (III- IV)**		(42.48)	(242.02)
VI	Tax expense	19	–	–
VII	**Profit / (Loss) by the year (V-VI)**		(42.48)	(242.02)
VIII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss:			
	- Remeasurements of defined benefit plans		(1.87)	0.38
	(ii) Income tax relating to items that will not be reclassified to profit or loss		–	–
IX	**Other Comprehensive Income**		(1.87)	0.38
X	**Total Comprehensive Income / (Loss) for the year (VII+IX)**		(44.35)	(241.64)
XI	Earnings per equity share (Face Value ₹ 1.00 each)	20		
	Basic (in ₹)		(0.02)	(0.13)
	Diluted (in ₹)		(0.02)	(0.13)

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

Place : Chennai
Date : 28th April, 2022

For and on behalf of the Board

RAJIV TANDON
Chairman

Place : Kolkata
Date : 28th April, 2022

SAMIR V LIMAYE
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Place : Ambernath
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S K SIPANI
Company Secretary

Place : Chennai
Date : 28th April, 2022

SHARAD MUNDRA
Chief Financial Officer

Place : Chennai
Date : 28th April, 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
A. Cash flow from operating activities		
Profit / (Loss) before Tax	(42.48)	(242.02)
Adjustments for:		
Depreciation and amortisation Expense	4.70	5.66
Loss on sale of property, plant and equipment - Net	2.31	–
Finance Cost	45.00	45.00
Interest Income	(2.04)	(1.21)
Doubtful and Bad debts	3.08	0.38
Remeasurement of Defined Benefit Plans	(1.87)	0.38
Share Based Payments	–	1.10
Net (gain)/loss arising on investments mandatorily measured at fair value through profit or loss	(11.10)	(12.77)
Operating Profit/(loss) before working capital changes	(2.40)	(203.48)
Adjustments for:		
Trade receivables	(17.87)	47.37
Other Current and Non Current Assets	5.51	119.68
Inventories	(19.38)	48.25
Trade Payables, Other Financial Liabilities & Provisions	(148.60)	(26.63)
Cash (used in) / generated from operations before taxation	(182.74)	(14.81)
Income tax paid (net of refunds)	–	–
Net cash (used in) / generated from operations	(182.74)	(14.81)
B. Cash flow from investing activities		
Interest Received	2.04	1.21
Redemption/(Investment) in Mutual Fund	111.61	55.00
Maturity /(Investment) in bank deposit (original maturity more than 3 months)	(0.56)	(0.66)
Net cash (used in) / generated from investing activities	113.09	55.55
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)	(103.43)	40.74
E. Reconciliation		
Cash and cash equivalents at the beginning of the period	138.26	97.52
Cash and cash equivalents at the end of the period	34.83	138.26
	(103.43)	40.74
Cash and cash equivalents		
Cash and cash equivalents as above	34.83	138.26
Cash Credit Facility (Note 10)	–	–
Cash and Cash Equivalent (Note 7)	34.83	138.26

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

ANANTHI AMARNATH
Partner

Place : Chennai
Date : 28th April, 2022

For and on behalf of the Board

RAJIV TANDON
Chairman

Place : Kolkata
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SAMIR V LIMAYE
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Date : 28th April, 2022

S K SIPANI
Company Secretary

Place : Chennai
Date : 28th April, 2022

SHARAD MUNDRA
Chief Financial Officer

Place : Chennai
Date : 28th April, 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

A. Equity Share Capital (₹ in Lakhs)

Balance as on 1st April, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year#	Balance as on 31st March, 2022
1,884.60	–	1,884.60	(33.79)	1,850.81

#Refer note 24(vi) for reduction of Equity Share Capital

Balance as on 1st April, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as on 31st March, 2021
1,884.60	-	1,884.60	–	1,884.60

B. Other Equity (₹ in Lakhs)

	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)**
Changes in accounting policy or prior period errors	–	–	–	–
Restated 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	**–**	**–**	**(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	**14.93**	**66.52**	**(2,265.15)**	**(2,183.70)**

	Reserves and Surplus			Total
	Subsidy Reserve *	Capital Contribution for Share Based Payments	Retained Earnings	
Balance as at 1st April, 2020	**14.93**	**77.52**	**(1,991.26)**	**(1,898.81)**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance as at 1st April, 2020	**14.93**	**77.52**	**(1,991.26)**	**(1,898.81)**
Profit for the period	-	-	(242.02)	(242.02)
Other Comprehensive Income (net of tax)	-	-	0.38	0.38
Total Comprehensive Income	**-**	**-**	**(241.64)**	**(241.64)**
Recognition of share based payment	-	1.10	-	1.10
Transfer from Capital Contribution for Share Based Payments on lapse	-	(2.11)	2.11	-
Balance as at 31st March, 2021	**14.93**	**76.51**	**(2,230.79)**	**(2,139.35)**

* 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

Place : Chennai
Date : 28th April, 2022

For and on behalf of the Board

RAJIV TANDON
Chairman
Place : Kolkata
Date : 28th April, 2022

SAMIR V LIMAYE
Wholetime Director
Place : Ambernath
Date : 28th April, 2022

S K SIPANI
Company Secretary
Place : Chennai
Date : 28th April, 2022

SHARAD MUNDRA
Chief Financial Officer
Place : Chennai
Date : 28th April, 2022

Notes to the statement of financial statement for the year ended 31st March, 2022

(₹ in Lakhs)

Particulars	Gross Block							Depreciation and Amortisation						Net Book Value	
	As at 31st March, 2020	Addition	On withdrawals and adjustments	As at 31st March, 2021	Addition	On withdrawals and adjustments	**As at 31st March, 2022**	Upto 31st March, 2020	For the period	Upto 31st March, 2021	For the period	On withdrawals and adjustments	**Upto 31st March, 2022**	**As at 31st March, 2022**	As at 31st March, 2021
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**	2.12	0.25	2.37	0.25	–	**2.62**	**8.01**	8.26
Plant and Equipment	6.19	–	–	6.19	–	1.47	**4.72**	2.71	0.23	2.94	0.23	0.95	**2.22**	**2.50**	3.25
Computers	20.60	–	–	20.60	–	0.82	**19.78**	18.14	0.88	19.02	–	0.08	**18.94**	**0.84**	1.58
Office Equipment	5.65	–	–	5.65	–	0.65	**5.00**	2.99	0.66	3.65	0.59	–	**4.24**	**0.76**	2.00
Furniture and Fixtures	3.38	–	–	3.38	–	0.45	**2.93**	2.60	0.02	2.62	0.02	0.05	**2.59**	**0.34**	0.76
Vehicles	4.51	–	–	4.51	–	0.00	**4.51**	4.51	–	4.15	–	–	**4.15**	**0.36**	0.36
Total	**98.88**	–	–	**98.88**	–	3.39	**95.49**	**32.71**	**2.04**	**34.75**	**1.09**	**1.08**	**34.76**	**60.73**	**64.13**
1B. Intangible Assets															
Computer Software	18.12	–	–	18.12	–	–	**18.12**	9.99	3.62	13.61	3.61	–	**17.22**	**0.90**	4.51
Total	**18.12**	–	–	**18.12**	–	–	**18.12**	9.99	**3.62**	13.61	**3.61**	–	**17.22**	**0.90**	4.51
Grand Total	**117.00**	–	–	**117.00**	–	3.39	**113.61**	**42.70**	**5.66**	**48.36**	**4.70**	**1.08**	**51.98**	**61.63**	**68.64**

	As at 31st March, 2022 (₹ in Lakhs)	As at 31st March, 2021 (₹ 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	**0.02**	3.33
Sub-Total	**0.02**	3.33
Deferred tax assets		
On difference between book balance and tax balance of Property Plant and Equipment	**2.58**	2.03
Unabsorbed depreciation carried forward	**30.07**	32.56
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	**2.70**	3.13
Provision for doubtful debts, advances and diminution in value of Investments.	**7.06**	6.28
Brought forward business losses	**131.69**	132.22
Sub-Total	**174.10**	176.22
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 ₹ 523.26 Lakhs (2021 - ₹ 525.36 lakhs) for which no deferred tax assets have been recognised. These losses will expire between financial year 2022-23 to 2028-29.

	As at 31st March, 2022 (₹ in Lakhs)		As at 31st March, 2021 (₹ in Lakhs)	
	Current	**Non-Current**	Current	Non-Current
3. Other Assets				
Advances other than capital advances				
(i) Advance Tax (net of provisions)	**–**	**7.05**	–	38.90
(ii) Other Advances (including advances with statutory authorities, prepaid expenses, suppliers, employees etc.) Unsecured - considered good	**30.84**	**–**	4.50	–
TOTAL	**30.84**	**7.05**	4.50	38.90

	As at 31st March, 2022 (₹ in Lakhs)	As at 31st March, 2021 (₹ in Lakhs)
4. Inventories		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	**85.18**	55.09
Work-in-progress	**84.04**	94.75
TOTAL	**169.22**	149.84

Notes to the statement of financial statement for the year ended 31st March, 2022 (Contd.)

	As at 31st March, 2022 (₹ in Lakhs)	As at 31st March, 2021 (₹ in Lakhs)
5. Investments - Current		
(at fair value through profit or loss, unless stated otherwise)		
INVESTMENT IN MUTUAL FUNDS		
Nippon India Liquid Fund Nil (2021 - 5,973) units of ₹ 1000 each	–	300.59
Axis Liquid Fund 8,463 (2021 - Nil) Units of ₹1000 each	**200.07**	–
TOTAL	**200.07**	300.59
6. Trade Receivables (Current)		
Secured, considered good	–	–
Unsecured, considered good	**89.18**	74.39
Which have significant increase in credit risk	–	–
Credit Impaired	**28.03**	24.95
Less: Allowance for credit impairment	**28.03**	24.95
TOTAL	**89.18**	74.39

The ageing of Trade Receivables is as under:

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	–	–	–	–	–	–	–
Total	**83.34**	**3.02**	**2.82**	**9.58**	**0.25**	**18.20**	**117.21**

As at 31st March, 2021		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	72.29	2.10	–	–	–	–	74.39
- which have significant increase in credit risk	–	–	–	–	–	–	–
- credit impaired	–	–	0.57	0.55	8.14	15.69	24.95
Disputed Trade Receivables							
- considered good	–	–	–	–	–	–	–
- which have significant increase in credit risk	–	–	–	–	–	–	–
- credit impaired	–	–	–	–	–	–	–
Total	**72.29**	**2.10**	**0.57**	**0.55**	**8.14**	**15.69**	**99.34**

	As at 31st March, 2022 (₹ in Lakhs)	As at 31st March, 2021 (₹ in Lakhs)
7. Cash and cash equivalents@		
Balances with Banks		
Current Accounts	**19.83**	23.24
In deposit Accounts	**15.00**	115.00
Cash on hand	–	0.02
TOTAL	**34.83**	138.26

@ 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, 2022 (₹ in Lakhs)	As at 31st March, 2021 (₹ in Lakhs)
8. Other Bank Balances		
In deposit Accounts*	**18.09**	17.53
Earmarked balance #	**12.84**	–
TOTAL	**30.93**	17.53

* 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, 2022 (Contd.)

9. Equity Share capital

	As at 31st Mar 2022 (No. of Shares)	As at 31st Mar 2022 (₹ in Lakhs)	As at 31st Mar 2021 (No. of Shares)	As at 31st Mar 2021 (₹ in Lakhs)
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the period	18,84,60,000	1,884.60	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	18,84,60,000	1,884.60

*Refer note 24(vi) for reduction of Equity Share Capital

	As at 31st Mar 2022 (No. of Shares)	As at 31st Mar 2022 (%)	As at 31st Mar 2021 (No. of Shares)	As at 31st Mar 2021 (%)
B) Shares held by Holding Company				
Equity Shares 18,50,81,193 (2021: 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	98.21

	As at 31st Mar 2022 (No. of Shares)	As at 31st Mar 2022 (%)	As at 31st Mar 2021 (No. of Shares)	As at 31st Mar 2021 (%)
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	98.21

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 2022 (No. of Shares)	As at 31st Mar 2022 (%)	As at 31st Mar 2021 (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	98.21
% Change during the year	1.79		–	

	As at 31st March, 2022 (₹ in Lakhs) Current	Non-Current	As at 31st March, 2021 (₹ 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, 2022 (₹ in Lakhs) Current	Non-Current	As at 31st March, 2021 (₹ in Lakhs) Current	Non-Current
11. Other Financial liabilities				
Employee Benefits Payable	10.82	–	13.12	–
Payable to the Holding Company	9.01	1.21	6.43	0.94
Provision for Preference Share dividend	105.37	–	60.37	–
Others#	12.84	–	–	
TOTAL	138.04	1.21	79.92	0.94

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, 2022 (Contd.)

	As at 31st March, 2022 (₹ in Lakhs) Current	Non-Current	As at 31st March, 2021 (₹ in Lakhs) Current	Non-Current
12. Provisions				
Provision for employee benefits (Refer Note 24(iii))				
Retirement benefits	1.10	6.57	2.15	6.86
TOTAL	1.10	6.57	2.15	6.86

	As at 31st March, 2022 (₹ in Lakhs)	As at 31st March, 2021 (₹ in Lakhs)
13. Other Current Liabilities		
Statutory Liabilities	3.93	8.70
Advances received from customers	143.19	212.52
Others	9.86	4.00
TOTAL	156.98	225.22

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
14. Revenue from operations		
Sale of Products	1,156.02	562.93
Sale of Services	4.98	66.12
Gross Revenue from sale of products and services	1.161.00	629.05
Other Operating Revenues	0.92	0.02
TOTAL	1,161.92	629.07

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
15. Other income		
Interest Income	5.51	13.30
Net Foreign Exchange Gain / (Loss)	2.41	0.89
Other gains and losses	11.10	12.77
TOTAL	19.02	26.96

	For the period ended 31st March, 2022 (₹ in Lakhs)	For the period ended 31st March, 2021 (₹ in Lakhs)
Other gains and losses:		
Net gain arising on financial assets (Current investments) mandatorily measured at FVTPL*	11.10	12.77
TOTAL	11.10	12.77

* Includes ₹ 11.03 (2021 - ₹ 1.91) being net gain on sale of investments.

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
16. Employee benefits expense		
Salaries and wages	236.92	217.31
Contribution to Provident and other funds	7.67	9.63
Share based payment	0.70	1.84
Staff welfare expenses	12.05	9.99
TOTAL	257.34	238.77

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ 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, 2022 (Contd.)

	For the year ended 31st March, 2022 (₹ in Lakhs)	For the year ended 31st March, 2021 (₹ in Lakhs)
18. Other Expenses		
Consumption of stores and spare parts	**0.18**	0.25
Sub-Contracting Expenses	**65.41**	**55.93**
Power and fuel	**11.01**	11.39
Repairs and Maintenance		
– Buildings	**0.09**	3.59
– Machinery	**0.04**	0.54
– Others	**5.93**	4.12
Rates and taxes	**1.90**	7.42
Insurance	**1.87**	1.73
Maintenance and upkeep	**14.40**	14.86
Travelling and conveyance	**40.17**	30.59
Printing and stationery	**2.12**	1.27
Freight and forwarding	**20.34**	9.60
Advertising and sales promotion charges	**0.70**	1.87
Commission to Selling Agents	**8.96**	–
Bank charges	**3.42**	2.00
Information technology services	**–**	–
Training and development	**0.75**	0.86
Professional fees	**28.29**	17.52
Postage and telephone charges	**8.28**	4.85
Directors' sitting fees	**5.00**	4.90
Doubtful and Bad debts	**3.08**	0.38
Loss on sale of property, plant and equipment - Net	**2.31**	–
Miscellaneous expenses	**17.87**	17.34
TOTAL	**242.12**	191.01
Miscellaneous expenses include :		
1) Auditors' remuneration and expenses		
Audit fees	**1.75**	1.75
Tax audit fees	**1.00**	1.00
Others	**–**	–
19. Tax Expenses		
Current Tax	**–**	–
TOTAL	**–**	–
20. Earnings per share		
Profit/ (Loss) after tax, attributable to equity shareholders (A)	**(42.48)**	242.02
Weighted average number of Equity Shares (B)	**18,61,82,777**	18,84,60,000
Earnings per share - Basic & Diluted (in ₹) (A / B)	**(0.02)**	(0.13)
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

	2022	(₹ in Lakhs) 2021
1. Segment Revenue		
- Within India	**821.99**	584.51
- Outside India	**339.01**	44.54
Total	**1161.00**	629.05
2. Non Current Assets		
- Within India	**68.68**	107.54
- Outside India	**–**	–
TOTAL	**68.68**	107.54

Note : Revenue of ₹ 187 (2021 : ₹ Nil) lakhs arose from a single external customer 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, 2022 (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
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 31.03.2022

(₹ in Lakhs)

	RELATED PARTY TRANSACTIONS SUMMARY	Holding Company		Key Management Personnel		Total	
		ITC Limited					
		2022	2021	**2022**	2021	**2022**	2021
1	Sale of Goods/ Services	**61.49**	67.26	-	-	**61.49**	67.26
2	Expenses Recovered	**213.47**	212.64	-	-	**213.47**	212.64
3	Expenses Reimbursed	**0.09**	0.19	**0.11**	-	**0.20**	0.19
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) Cash Settled Share Based Payments - Other Payables	 **(9.99)** **0.70**	 (1.01) 0.74	 - -	 - -	 **(9.99)** **0.70**	 (1.01) 0.74
6	Remuneration of Key Management Personnel on Deputation reimbursed * Other Remuneration#	 **112.79**	 67.08	 -	 -	 **112.79**	 67.08
7	Director's Sitting Fees	-	-	**5.00**	4.90	**5.00**	4.90
8	Outstanding receivable	**17.48**	-			**17.48**	-
9	Outstanding payables	**10.22**	7.37	-	-	**10.22**	7.37
10	Redeemable Preference Share Outstanding	**500.00**	500.00	-	-	**500.00**	500.00
11	Interest accrued but not due - Preference Share	**105.37**	60.37	-	-	**105.37**	60.37

* 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, ₹ 76.54 Lakhs (2021 - ₹ 59.55 Lakhs) i is attributable to the Chief Financial Officer of the Company and ₹ 28.98 Lakhs (2021 - ₹ NIL) 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 Rs. 500Lakhs. The Company is not subject to any externally imposed capital requirement.

During the year, 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, 2022		As at 31st March, 2021	
				Carrying Value	**Fair Value**	Carrying Value	Fair Value
A. Financial assets							
a)	**Measured at amortised cost**						
	i)	Cash and Cash Equivalents	7	**34.83**	**34.83**	138.26	138.26
	ii)	Other Bank Balances	8	**30.93**	**30.93**	17.53	17.53
	iii)	Trade Receivables	6	**89.18**	**89.18**	74.39	74.39
b)	**Measured at Fair Value Through Profit or loss**						
	i)	Investment in Mutual Funds	5	**200.07**	**200.07**	300.59	300.59
		Total financial assets		**355.01**	**355.01**	530.77	530.77
B. Financial liabilities							
c)	**Measured at amortised cost**						
	i)	Non – Current Borrowings	10	**500.00**	**500.00**	500.00	500.00
	iii)	Trade Payables		**152.74**	**152.74**	232.31	232.31
	iv)	Other financial liabilities	11	**139.25**	**138.98**	80.86	80.62
		Total financial liabilities		**791.99**	**791.72**	813.17	812.93

Notes to the statement of financial statement for the year ended 31st March, 2022 (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 2022	As at 31st March 2021
USD	9.10	8.77
EURO	7.19	-
Total	16.28	8.77

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, 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

Particulars	As at 31st March, 2021						
	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	232.31	34.02	198.29	–	–	–	232.31
Other Financial Liabilities	80.86	64.41	–	15.51	0.81	0.13	80.86
	313.17	98.43	198.29	15.51	0.81	0.13	313.17

* 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, 2022	As at 31st March, 2021
Opening Balance	24.95	24.57
Add: Provision made	3.08	0.38
Less: Utilisation for impairment/de-recognition	–	–
Closing Balance	28.03	24.95

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 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, 2022	As at 31st March, 2021
A. Financial assets			
Measured at Fair Value Through Profit or loss			
Investment in Mutual Funds	1	**200.07**	300.59
Total financial assets		**200.07**	300.59
B. Financial liabilities			
Measured at amortised cost			
Borrowings	2	**500.00**	500.00
Other Financial liabilities*	3	**0.94**	0.70
Total financial liabilities		**500.94**	500.70

* 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, 2022 and March 31, 2021. 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, 2022	As at 31st March, 2021
	No. of Options	No. of Options
Outstanding at the beginning of the year	**11,963**	13,200
Add: Corporate Action: Bonus Issue by ITC	-	-
Add: Granted during the year	-	-
Less: Lapsed during the year	**2,475**	1,237
Add / (Less): Movement due to transfer of employees within group	-	-
Less: Exercised during the year	-	-
Outstanding at the end of the year	**9,488**	11,963
Options exercisable at the end of the year	**9,488**	11,963

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 (2021: ₹1.10 lakhs) towards ITC ESOS and ₹ 0.70 lakhs (2021 : ₹ 0.74) 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, ₹ 0.70 Lakhs (2021 - ₹ 0.74) 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, 2022 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 FINANCIAL STATEMENTS (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, 2022		For the year ended 31st March, 2021	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	–	**Recognised in Profit or Loss**				
	1	Current Service Cost	1.97	0.72	2.43	1.19
	2	Past Service Cost	-	-	-	-
	3	Net Interest Cost	(1.91)	0.43	(1.53)	0.64
	4	**Total expense recognised in the Statement of Profit and Loss**	**0.06**	**1.15**	**0.90**	**1.83**
	-	**Re-measurements recognised in Other Comprehensive Income**				
	5	(Return) on plan assets (excluding amounts included in Net interest cost)	(14.30)	-	(1.06)	-
	6	Effect of changes in demographic assumptions	-	-	-	-
	7	Effect of changes in financial assumptions	(1.08)	(0.24)	-	-
	8	Changes in asset ceiling (excluding interest income)	-	-	-	-
	9	Effect of experience adjustments	2.55	2.11	(0.07)	(0.38)
	10	Total re-measurements included in OCI	**(12.83)**	**1.87**	**(1.13)**	**(0.38)**
	11	Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)*	**(12.77)**	**3.02**	**(0.23)**	**1.45**

II			For the year ended 31st March, 2022		For the year ended 31st March, 2021	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
	1	Present Value of Defined Benefit Obligation	42.47	7.67	56.25	9.01
	2	Fair Value of Plan Assets	79.83	-	80.84	-
	3	Status [Surplus/(Deficit)] *	37.36	(7.67)	24.59	(9.01)
	4	**Net Asset/(Liability) recognised in Balance Sheet**	As at 31st March, 2022		As at 31st March, 2021	
			Current	Non Current	Current	Non Current
		- Gratuity	-	-	-	-
		- Leave Encashment	(1.10)	(6.57)	(2.15)	(6.86)

* 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, 2022		For the year ended 31st March, 2021	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
III	**Change in Defined Benefit Obligations (DBO)**					
	1	Present Value of DBO at the beginning of the year	**56.25**	**9.01**	59.17	12.76
	2	Current Service Cost	**1.97**	**0.72**	2.43	1.19
	3	Interest Cost	**2.89**	**0.43**	3.43	0.64
	4	Others	**(0.49)**	-	(0.42)	-
	5	Remeasurement gains / (losses):				
		Effect of changes in demographic assumptions	-	-	-	-
		Effect of changes in financial assumptions	**(1.08)**	**(0.24)**	-	-
		Changes in asset ceiling (excluding interest income)	-	-	-	-
		Effect of experience adjustments	**2.55**	**2.11**	(0.07)	(0.38)
	6	Curtailment Cost / (Credit)	-	-	-	-
	7	Settlement Cost / (Credits)	-	-	-	-
	8	Liabilities assumed in business combination	-	-	-	-
	9	Exchange difference on foreign plans	-	-	-	-
	10	Benefits Paid	**(19.61)**	**(4.36)**	(8.29)	(5.20)
	11	**Present Value of DBO at the end of the year**	**42.47**	**7.67**	56.25	9.01

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

IV	Best Estimate of Employer's Expected Contribution for the next year	As at 31st March, 2022	As at 31st March, 2021
	- Gratuity	Nil	Nil
	- Leave Encashment	NA	NA

			For the year ended 31st March, 2022		For the year ended 31st March, 2021	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
V	Change in Fair Value of Assets					
	1	Plan Assets at the beginning of the year	80.84	-	83.52	-
	2	Asset acquired in Business Combination	-	-	-	-
	3	Expected Return on Plan Assets	4.79	-	4.97	-
	4	Remeasurement Gains/(Losses) on plan assets	14.30	-	1.06	-
	5	Actual Company Contributions	-	-	-	-
	6	Benefits Paid	(19.61)	-	(8.29)	-
		Others	(0.49)	-	(0.42)	-
	7	Plan Assets at the end of the year	79.83	-	80.84	-

VI	Actuarial Assumptions		As at 31st March, 2022	As at 31st March, 2021
			Discount Rate (%)	Discount Rate (%)
	1	Gratuity	6.75%	6.25%
	2	Leave Encashment	6.75%	6.25%
	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, 2022		As at 31st March, 2021	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
	1	Present Value of Defined Benefit Obligation	42.47	7.67	56.25	9.01
	2	Fair Value of Plan Assets	79.83	-	80.84	-
	3	Status [Surplus/(Deficit)]	37.36	(7.67)	24.59	(9.01)
	4	Experience Adjustment of Plan Assets [Gain/(Loss)]	-	-	-	-
	5	Experience Adjustment of obligation [(Gain)/Loss]	2.55	2.11	(0.07)	(0.38)

* 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 2022	DBO as at 31 March 2021
	1	Discount Rate + 100 basis points	47.73	62.61
	2	Discount Rate - 100 basis points	52.86	68.23
	3	Salary Increase Rate + 1%	53.21	68.66
	4	Salary Increase Rate – 1%	47.36	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 recognised as revenue within a period of one year.

(v) Contingent liabilities:

(a) Claims against the Company not acknowledged as debts ₹ 20.01 Lakhs (2021 – ₹ 18.51 Lakhs), including interest on claims, estimated to be ₹ 3.32 Lakhs (2021 - ₹ 1.82 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 FINANCIAL STATEMENTS (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, 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	72.59	20.31	59.84	-	-	-	152.74
Disputed Dues – MSME	-	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-	-
Total	**72.59**	**20.31**	**59.84**	**-**	**-**	**-**	**152.74**

(₹ in Lakhs)

As at 31st March, 2021	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	85.40	20.04	122.97	3.90	-	-	232.31
Disputed Dues – MSME	-	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-	-
Total	**85.40**	**20.04**	**122.97**	**3.90**	**-**	**-**	**232.31**

(viii) Ratios

The following are analytical ratios for the year ended March 31, 2022 and March 31,2021

Ratio	Numerator	Denominator	31st March 2022	31st March 2021
Current Ratio (in times)	Current Asset	Current Liabilities	1.2	1.3
Debt Service Coverage Ratio (in times)	Earnings for Debt Service*	Debt Service	0.2	#
Inventory Turnover Ratio (in times)@	Gross Revenue from sale of products and services	Average Inventory	7.3	3.6
Trade Receivables Turnover ratio (in times) @	Gross Revenue from sale of products and services	Average Trade receivables	14.2	6.4
Trade Payables Turnover ratio (in times)@	Cost of Goods Sold + Other Expenses - Non Cash Expenditure	Average Trade payables	4.7	2.1
Net Capital Turnover Ratio (in times)@	Gross Revenue from sale of products and services	Working Capital	10.9	4.3
Return on Capital employed (in %)	PBIT	Average Closing Capital Employed **	1.2%	#
Return on Investment (in %)	Income from Investments	Time weighted average Investments	3.4%	3.8%

\# Not disclosed since negative

* Earnings for Debt Service: Net Profit after Tax + Depreciation and Amortisation + Finance Cost + Loss on sale of Fixed Asset

** Capital Employed: Share Capital + Other Equity + Non-Current Borrowings

Debt-Equity Ratio, Net Profit Ratio and Return on Equity have not been disclosed as the same is negative in both the years.

@ Positive variance >25% in Inventory Turnover Ratio, Trade Receivable Turnover Ratio, Trade Payables Turnover Ratio and Net Capital Turnover Ratio in FY 2021-22, is on account of higher sales and improved working capital cycle.

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.
- The Company has considered the possible effects that may arise out of the still unfolding 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.

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 2022, 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, thecarrying amount of assets exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling priceand 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 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 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 recognized when the Company becomes a party to the contractual provisions of the relevant instrument. 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 are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires. 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.

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 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 & Cash equivalents etc are classified for measurement at amortised cost while investment may fall under any of aforesaid classes.

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

RAJIV TANDON
Chairman

Place : Kolkata
Date : 28th April, 2022

Samir V Limaye
Wholetime Director

Place : Ambernath
Date : 28th April, 2022

S K SIPANI
Company Secretary

Place : Chennai
Date : 28th April, 2022

SHARAD MUNDRA
Chief Financial Officer

Place : Chennai
Date : 28th April, 2022

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

1. Your Directors submit their Report for the financial year ended 31st March, 2022.

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 ₹ 9.35 lakhs (previous year: ₹ -9.51 lakhs and the Net Loss of the Company was ₹ 4.60 lakhs (previous year: ₹ 3.17 lakhs).

During the financial year, the subsequent waves of COVID-19 pandemic continued to pose a serious challenge to the Company's operations. However, laid down systems and processes which form part of your Company's operating practices aided your Company's ability to ensure business continuity.

3. DIVIDEND

In view of thelosses incurred, your Directors are unable to recommend any dividend for the year under review.

4. DIRECTORS

(a) Changes in Directors during the year

During the year under review, there was no change in the composition of the Board of Directors of your Company ('the Board').

(b) Retirement by Rotation

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.Suneel Kumar Pandey (DIN: 08017025), 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, 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 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, the internal financial controls in the Company with respect to the financial statementswere 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 31stMarch, 2022, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. RELATED PARTY TRANSACTIONS

The details of material related party transaction 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 2022-23. 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.

There has been no foreign exchange earnings or outgo during the year under review.

On behalf of the Board

S. S. Bandyopadhyay Director

Dated: 2nd May, 2022 S. K. Pandey Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31stMarch, 2022

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 - ₹ 3.20 lakhs
e)	Date(s) of approval by the Board, if any	10th January, 2022
f)	Amount paid as advances, if any	Nil

Dated : 2nd May, 2022

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, 2022, and the Statement of Profit and Loss (including Other Comprehensive Loss), 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, 2022, and its loss, 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.

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 loss, 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 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 o**ur 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 Loss, 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 March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 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, 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 (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, whether, directly or indirectly, lend or invest in other persons orentities 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 representation sunder sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above contain any material misstatement.

d. The company has not declared any dividend or paid any dividend during the year and has not proposed final dividend for the year.

2. As required by the Companies (Auditor's Report) Order, 2016 ("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:22209252AIUZBX6603)

Place : Chennai
Date : May 4, 2022

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, 2022 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, 2022, 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:22209252AIUZBX6603)

Place : Chennai
Date : May 4, 2022

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) i. In respect of the Company's Property, Plant and Equipment and Intangible Assets,

(a) i. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

ii. 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 (including Right of Use assets) 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 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii) (a) As explained to us, the inventories comprise of work-in-progress Agri produce and work-in-progress poplar trees on the leasehold land, the physical possession of which 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 23 of the Ind AS financial statements). As a matter of prudence, such inventories have been fully provided for in the Ind AS financial statements.

(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 statements filed by the Company with such banks or financial institution 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 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 sections 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 explanation given to us, in respect of Statutory dues:

(a) i. 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.

ii. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax and other material statutory dues in arrears as at March 31, 2022 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, 2022.

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) The Company has not raised any funds during the 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 raised moneys by way of initial public offer or further public offer (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 3 (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) 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)(a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) The Company is not required by statute to appoint Internal Auditor under Companies Act, hence reporting under clause (xiv) (a) of the Order is not applicable.

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 persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi)(a) 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.

(b) Reporting under clause 3(xvi)(d) of the Order is not applicable for the company.

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 existsas 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 3 (xxi) is not applicable.

(For Deloitte Haskins & Sells

Chartered Accountants

(Firm's Registration No. 3020092E)

Ananthi Amarnath

Partner

Place : Chennai
(Membership No. 209252)

Date : May 4, 2022
(UDIN: 22209252AIUZBX6603)

BALANCE SHEET AS AT 31ST MARCH, 2022
(All amounts are in thousands Indian Rupees unless otherwise stated)

	Note	As at March 31st, 2022 (₹)	As at March 31st, 2021 (₹)
ASSETS			
Non-current Assets			
Property, Plant and Equipment	19	–	–
Advance Tax and TDS Receivables [Net of Provisions ₹ 367.68 thousands (March 31, 2021: ₹ 403.11 thousands)]		861.99	846.81
Total Non-current Assets		**861.99**	**846.81**
Current Assets			
Biological assets other than bearer plants	3	–	–
Financial Assets			
Cash and Cash Equivalents	4	8,263.76	9,097.97
Other Financial Assets	5	1,130.87	872.41
Total Current Assets		**9,394.63**	**9,970.38**
Total Assets		**10,256.62**	**10,817.19**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	6	12,800.02	12,800.02
Other Equity	7	(2,956.52)	(2,496.98)
Total Equity		**9,843.50**	**10,303.04**
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		350.58	509.63
Other Current Liabilities	7	62.54	4.52
Total Current Liabilities		**413.12**	**514.15**
Total Liabilities		**413.12**	**514.15**
Total Equity and Liabilities		**10,256.62**	**10,817.19**

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

Place: Chennai
Date: May 4, 2022

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: May 2, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31ST, 2022

(All amounts are in thousands Indian Rupees unless otherwise stated)

		Note	For the year ended March 31,2022 (₹)	For the year ended March 31,2021 (₹)
I	Revenue from Operations	7	340.00	320.00
II	Other Income	8	594.90	630.62
III	**Total Income (I+II)**		**934.90**	**950.62**
IV	**EXPENSES:**			
	Purchases of Stock-in-Trade		320.00	290.00
	Other Expenses	9	1,032.05	948.28
	Total Expenses (IV)		**1,352.05**	**1,238.28**
V	**Loss Before Tax (III-IV)**		**(417.15)**	**(287.66)**
VI	**Tax Expense:**			
	Current Tax	12(b)	42.47	29.80
	Taxation of prior years (net)		(0.08)	(0.10)
			42.39	**29.70**
VII	**Loss for the Year (V-VI)**		**(459.54)**	**(317.36)**
VIII	Other Comprehensive Income		–	–
IX	**Total Comprehensive Loss for the Year (VII+VIII)**		**(459.54)**	**(317.36)**
	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

Place: Chennai
Date: May 4, 2022

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: May 2, 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

(All amounts are in thousands Indian Rupees unless otherwise stated)

		For the year ended March 31,2022 (₹)	For the year ended March 31,2021 (₹)
A.	**Equity Share Capital**		
	Balance at April 1, 2021	**12,800.02**	12,800.02
	Changes in Equity Share Capital during the year	–	–
	Balance at March 31, 2022	**12,800.02**	12,800.02
B.	**Other Equity - Reserves & Surplus**		
	Retained Earnings		
	Balance at April 1, 2021	**(2,496.98)**	(2,179.62)
	Profit/(Loss) for the Year	**(459.54)**	(317.36)
	Balance at March 31, 2022	**(2,956.52)**	(2,496.98)

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

Place: Chennai
Date: May 4, 2022

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: May 2, 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in thousands Indian Rupees unless otherwise stated)

	For the year ended March 31, 2022 (₹)	For the year ended March 31, 2021 (₹)
Cash Flow from Operating Activities		
Profit / (Loss) Before Tax	**(417.15)**	(287.66)
Adjustments for:		
Interest Income	**(594.90)**	(630.62)
Operating Loss Before Working Capital Changes	**(1,012.05)**	(918.28)
Adjustments for:		
Increase / (Decrease) in Trade Payables	(159.05)	400.45
Increase / (Decrease) in Other Current Liabilities	**58.02**	(0.97)
Cash used in / flow from Operations	**(1,113.08)**	(518.80)
Income Taxes Paid (Net of Refunds)	**(57.56)**	(24.98)
Net Cash (used in) / flow from Operating Activities	**(1,170.64)**	(543.78)
Cash Flows from Investing Activities		
Interest Received	**336.43**	250.16
Net Cash generated from Investing Activities	**336.43**	250.16
Cash Flow from Financing Activities	–	–
Net Decrease in Cash and Cash Equivalents	**(834.21)**	(293.62)
Cash and Cash Equivalents at the beginning of the year	**9,097.97**	9,391.59
Cash and Cash Equivalents at the end of the year (Refer Note 4)	**8,263.76**	9,097.97

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

Place: Chennai
Date: May 4, 2022

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: May 2, 2022

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 recognised at fair value of amounts received and receivable from third parties 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 stated)

		As at March 31, 2022	As at March 31, 2021
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 20)	(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, 2022	As at March 31, 2021
4.	**Cash and Cash Equivalents**		
	Balances with Banks:		
	Current Account	46.98	140.03
	Deposit Accounts (Refer Note below)	8,209.76	8,957.94
	Cash on Hand	7.02	–
		8,263.76	9,097.97

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, 2022	As at March 31, 2021
5.	**Other Financial Assets**		
	Current:		
	Interest Accrued on Bank Deposits	1,128.87	870.41
	Others (Receivable on National Savings Certificate and Kisan Vikas Patra)	2.00	2.00
		1,130.87	872.41

		As at 31 March 2022	As at 31 March 2021
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, 2020	1	1,28,00,020	12,800.02
Add: issued during the year		–	–
Balance as at March 31, 2021	1	1,28,00,020	12,800.02
Add: issued during the year		–	–
Balance at March 31, 2022	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, 2022		As at March 31, 2021	
	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).

		As at March 31, 2022	As at March 31, 2021
7.	**Other Equity**		
	Reserves and Surplus		
	Retained Earnings		
	Retained earnings comprise of the Company's undistributed earnings after taxes.	(2,956.52)	(2,496.98)
		(2,956.52)	(2,496.98)
8.	**Other Liabilities**		
	Current:		
	Statutory Liabilities	62.54	4.52
		62.54	4.52

		For the year ended March 31, 2022	For the year ended March 31, 2021
9.	**Revenue from Operations**		
	Sale of Products (Saplings)	340.00	320.00
		340.00	320.00
10.	**Other Income**		
	Interest Income on:		
	Bank Deposits	594.03	629.93
	Income tax refund	0.87	0.69
		594.90	630.62
11.	**Other Expenses**		
	Rent	8.20	8.20
	Rates and Taxes	1.35	2.00
	Insurance	2.44	2.44
	Repairs and Maintenance - Others	–	2.86
	Security Charges	315.76	292.19
	Legal Expenses	620.25	570.85
	Power & Fuel	16.21	2.20
	Miscellaneous Expenses	67.84	67.54
		1,032.05	948.28
	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, 2022	For the year ended March 31, 2021
Loss before Income Tax	(417.15)	(287.66)
Enacted tax rates	25.17%	25.17%
Computed Expected Tax Expense	(105.00)	(72.40)
Tax on Income after excluding expenses for income exempt u/s 10	147.47	102.20
Income tax expense	42.47	29.80

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 ₹ 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, 2022	As at March 31, 2021
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, 2022	For the year ended March 31, 2021
Computation of earnings per share is set out below:		
Net Loss attributable to Equity Shareholders (A)	(459.54)	(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, 2022	For the year ended March 31, 2021
Mr. Devendra Pal Singh	11%	0%

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, 2022	For the year ended March 31, 2021
ITC Limited:		
Purchases	320.00	290.00

(c) **Details of Related Party Balances:**

	As at March 31 2022	As at March 31 2021
ITC Limited:	–	–

18. **Trade Payables**

	For the year ended March 31, 2022	For the year ended March 31, 2021
Total Outstanding dues of creditors of micro and small enterprises	–	–
Total Outstanding dues of creditors other than micro and small enterprises	350.58	509.63
	350.58	509.63

**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, 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**

As at 31st March, 2021	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	-	509.63	-	-	-	-	509.63
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	-	**509.63**	-	-	-	-	**509.63**

* 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 ₹ 71,009.68 thousands (being the difference between the premium of ₹ 101,690.20 thousands paid on acquisition of such leasehold land and amortised to the extent of ₹ 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, 2022		As at March 31, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets (Measured at amortised cost)					
i) Cash and Cash Equivalents	4	8,263.76	8,263.76	9,097.97	9,097.97
ii) Other Financial Assets	5	1,130.87	1,130.87	872.41	872.41
Total Financial Assets		9,394.63	9,394.63	9,970.38	9,970.38
Financial Liabilities (Measured at amortised cost)					
(i) Trade Payables	18	350.58	350.58	509.63	509.63
Total Financial Liabilities		350.58	350.58	509.63	509.63

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 ₹ 8,209.76 thousands (As at March 31, 2021 - ₹ 8,957.94 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. 8,263.76 while the trade payables is Rs. 350.58 as at March 31, 2022. Trade payables is about 4% 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, 2022	For the year ended March 31, 2021
Revenue from Top Customer	11%	10%
Revenue from Top 5 Customers	42%	41%

The Company's credit period generally ranges from 0-15 days.

D. Fair value measurement

As at March 31, 2022, 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, 2022	As at March 31, 2021	Variance	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	22.74	19.39	17%	
Return on Equity Ratio	PAT	Average Shareholder's Equity	*	*		
Trade Payable turnover Ratio	Sales	Average Trade Payable	0.79	1.03	-24%	
Net Capital turnover Ratio	Sales	Working Capital	0.03	0.03	11%	
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, 2022.

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad

Date: May 2, 2022

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

1. Your Directors submit their Report for the financial year ended 31st March, 2022.

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, the Company recorded Total Income of ₹ 5.13 lakhs (previous year: ₹ 22.06 lakhs). The Net Loss of the Company was ₹ 4.40 lakhs (previous year Profit: ₹ 9.11 lakhs).

During the financial year, the subsequent waves of COVID-19 pandemic continued to pose a serious challenge to the Company's operations. However, laid down systems and processes which form part of your Company's operating practices have aided your Company's ability to ensure business continuity.

3. DIVIDEND

In view of the losses incurred, your Directors are unable to recommend any dividend for the year under review.

4. DIRECTORS

(a) Changes in Directors during the year

During the year under review, there was no change in the composition of the Board of Directors ('the Board') and Key Managerial Personnel of your Company.

(b) Retirement by Rotation

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. Suneel Kumar Pandey (DIN: 08017025), 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, 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 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 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 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 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 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

The details of material related party transaction 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. 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 2022-23. 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.

There has been no foreign exchange earnings or outgo during the year under review.

On behalf of the Board

S. S. Bandyopadhyay Director

Dated: 2nd May, 2022 S. K. Pandey Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31stMarch, 2022

[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	53	Assistant Manager	2,77,828/-	2,54,702/-	B.A. and M.A. (Political Science)	26	01.01.1996	N.A.

Notes:

(a) Gross remuneration includes salary, variable pay, 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 contractual in accordance with terms and conditions as per 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
S. S. Bandyopadhyay Director
Dated: 2nd May, 2022 S. K. Pandey Director

Annexure 2 to the Report of the Board of Directors for the financial year ended 31stMarch, 2022

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 - ₹ 3.20 lakhs
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. S. Bandyopadhyay Director
Dated: 2nd May, 2022 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, 2022, and the Statement of Profit and Loss (including Other Comprehensive Loss), 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, 2022, and its loss, 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.

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 loss, 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 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 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 Loss, 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 March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 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, 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 (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, 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;

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.

d.The company has not declared any dividend or paid any dividend during the year and has not proposed final dividend for the year.

2. As required by the Companies (Auditor's Report) Order, 2016 ("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: 22209252AIUZCV6012)

Place : Chennai
Date: May 4, 2022

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, 2022 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, 2022, 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: 22209252AIUZCV6012)

Place : Chennai
Date: May 4, 2022

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) In respect of the Company's Property, Plant and Equipment and Intangible Assets,
   (a) i. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
   ii. The Company does not have any intangible assets.
   (b) Having regard to our comments in paragraph (c) below, the fixed assets 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 23 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 (including Right of Use assets) 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 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii) (a) As explained to us, the inventories comprise of work-in-progress Agri produce and work-in-progress poplar trees on the leasehold land, the physical possession of which 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 23 of the Ind AS financial statements). As a matter of prudence, such inventories have been fully provided for in the Ind AS financial statements.
   (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 statements filed by the Company with such banks or financial institution 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 not granted any loan, made investments or provided guarantees or securities 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 explanation given to us, in respect of Statutory dues:
   (a) i. 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 though there has been a delay in respect of remittance of Provident Fund and Employees' State Insurance dues.
   ii. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax and other material statutory dues in arrears as at March 31, 2022 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, 2022.

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) The Company has not raised any funds during the 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 raised moneys by way of initial public offer or further public offer (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) 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)(a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) The Company is not required by statute to appoint Internal Auditor under Companies Act, hence reporting under clause (xiv) (a) of the Order is not applicable.

(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.

(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 existsas 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 3 (xxi) is not applicable

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 3020092E)
Ananthi Amarnath
Partner
(Membership No. 209252)
(UDIN: 22209252AIUZCV6012)

Place : Chennai
Date: May 4, 2022

BALANCE SHEET AS AT 31ST MARCH, 2022

(All amounts are in Indian Rupees thousands unless otherwise stated)

	Note	As at 31st March, 2022 (₹)	As at 31st March, 2021 (₹)
ASSETS			
Non-current assets			
Property, Plant and Equipment	23	–	–
Advance Tax and TDS Receivables [Net of Provisions ₹ 70.88 thousands (March 31, 2021 - ₹ 70.88 thousands)]		39.96	23.26
Total Non-current Assets		**39.96**	**23.26**
Current Assets			
Biological assets other than bearer plants	3	–	–
Financial Assets			
Trade Receivables	4	–	–
Cash and Cash Equivalents	5	3,445.93	3,875.21
Other Financial Assets	6	65.66	82.03
Other Current Assets	7	42.34	42.34
Total Current Assets		**3,553.93**	**3,999.58**
Total Assets		**3,593.89**	**4,022.84**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	8	55,100.04	55,100.04
Other Equity	9	(51,793.85)	(51,353.01)
Total Equity		**3,306.19**	**3,747.03**
Liabilities			
Non-current Liabilities			
Provisions	10	122.53	118.26
Total Non-current Liabilities		**122.53**	**118.26**
Current Liabilities			
Financial Liabilities			
Trade Payables	22		
- total outstanding dues of micro enterprises and small enterprises		–	–
- total outstanding dues of creditors other than micro enterprises and small enterprises		151.20	145.40
Other Financial Liabilities	11	4.41	4.39
Other Current Liabilities	12	6.11	4.71
Provisions	10	3.45	3.05
Total Current Liabilities		**165.17**	**157.55**
Total Liabilities		**287.70**	**275.81**
Total Equity and Liabilities		**3,593.89**	**4,022.84**

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

Place: Chennai
Date: May 4, 2022

For and On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: May 2, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(All amounts are in Indian Rupees thousands unless otherwise stated)

		Note	For the year ended March 31,2022 (₹)	For the year ended March 31,2021 (₹)
I	Revenue from Operations	13	340.00	320.00
II	Other Income	14	173.35	1,885.91
III	**Total Income (I+II)**		**513.35**	**2,205.91**
IV	**EXPENSES:**			
	Purchases of Stock-in-Trade		320.00	290.00
	Employee Benefits Expense	15	323.33	422.37
	Other Expenses	16	310.18	600.63
	Total Expenses (IV)		**953.51**	**1,313.00**
V	(Loss) / Profit Before Tax (III-IV)		(440.16)	892.91
VI	**Tax Expense:**			
	Current Tax	17(c)	–	–
	Taxation of prior years written back (net)		–	(17.90)
	Total Tax Expense (VI)		–	**(17.90)**
VII	**(Loss) / Profit for the Year (V-VI)**		**(440.16)**	**910.81**
A	**Other Comprehensive Income:**			
	(i) Items that will not be reclassified to profit and loss			
	– Remeasurement of the defined benefit liability	24	(0.68)	(11.91)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	17(b)	–	–
VIII	**Total Other Comprehensive Loss [(A(i-ii)]**		**(0.68)**	**(11.91)**
IX	**Total Comprehensive (Loss) / Profit for the Year (VII+VIII)**		**(440.84)**	**898.90**
	Earnings per Equity Share (in INR): Basic and Diluted (face value of ₹ 10 each)	19	(0.08)	0.17

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

Place: Chennai
Date: May 4, 2022

For and On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: May 2, 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

(All amounts are in Indian Rupees thousands unless otherwise stated)

	Amount
A. Equity Share Capital:	
Balance at April 1, 2020	**55,100.04**
Changes in Equity Share Capital during the year	–
Balance at March 31, 2021	**55,100.04**
Changes in Equity Share Capital during the year	–
Balance at March 31, 2022	**55,100.04**

B. Other Equity :	**Reserves and Surplus** General Reserve	Retained Earnings	**Other items of Other Comprehensive Income**	**Total**
Balance as at April 1, 2020	500.00	(51,929.30)	(822.62)	(52,251.92)
Loss for the year	–	910.82	–	910.82
Remeasurement of the Defined Benefit Liability [Refer Note 17(b)]	–	–	(11.91)	(11.91)
Balance at March 31, 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 17(b)]	–	–	(0.68)	(0.68)
Balance at March 31, 2022	**500.00**	**(51,458.64)**	**(835.21)**	**(51,793.85)**

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

Place: Chennai
Date: May 4, 2022

For and On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: May 2, 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

(All amounts are in Indian Rupees thousands unless otherwise stated)

	For the year ended March 31, 2022 (₹)	For the year ended March 31, 2021 (₹)
Cash Flow from Operating Activities		
(Loss) / Profit Before Tax	(440.16)	892.91
Adjustments for:		
Provision no longer required written back	–	(1,649.00)
Interest Income	(173.35)	(236.91)
Operating Loss Before Working Capital Changes	**(613.51)**	**(993.00)**
Adjustments for:		
Increase/(Decrease) in Trade Payable	5.80	(292.45)
Increase / (Decrease) in Other Current Liabilities, Other Financial Liabilities and Provisions	5.41	(182.40)
Cash used in Operations	**(602.30)**	**(1,467.85)**
Income Taxes (Paid (Net of Refunds)) / refund received	(16.70)	32.87
Net Cash used in Operating Activities	**(619.00)**	**(1,434.98)**
Cash Flow from Investing Activities		
Interest Received	189.72	332.69
Net Cash generated from Investing Activities	**189.72**	**332.69**
Cash Flow from Financing Activities	–	–
Net decrease in Cash and Cash Equivalents	**(429.28)**	**(1,102.29)**
Cash and Cash Equivalents at the beginning of the year	3,875.21	4,977.49
Cash and Cash Equivalents at the end of the year (Refer Note 5)	3,445.93	3,875.21

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

Place: Chennai
Date: May 4, 2022

For and On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: May 2, 2022

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 fair value of amounts received and receivable from third parties 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 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 2022	As at 31 March 2021
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 23)	(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 23).

	As at 31 March 2022	As at 31 March 2021
4. Trade Receivables		
Current		
Unsecured, Considered Good	–	–
Doubtful	–	18.36
	–	18.36
Less: Allowance for Doubtful Debts (Expected Credit Loss Allowance)	–	(18.36)
	–	–

Trade Receivable as at 31 March 2022	Not Due	Trade Receivables ageing schedule						Total
		Unbilled Receivable	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables								
- considered good	-	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-	-
Disputed Trade Receivables	-	-	-	-	-	-	-	-
- considered good	-	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-	-
Gross	-	-	-	-	-	-	-	-
Less : Allowance for Trade Receivables								
- which have significant increase in credit risk - Undisputed	-	-	-	-	-	-	-	-
- which have significant increase in credit risk - disputed	-	-	-	-	-	-	-	-
- credit impaired - Undisputed	-	-	-	-	-	-	-	-
- credit impaired - disputed	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-

Trade Receivable as at 31 March 2021	Not Due	Trade Receivables ageing schedule						Total
		Unbilled Receivable	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables								
- considered good	-	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	18.36	18.36
Disputed Trade Receivables	-	-	-	-	-	-	-	-
- considered good	-	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-	-
Gross	-	-	-	-	-	-	**18.36**	**18.36**
Less : Allowance for Trade Receivables								
- which have significant increase in credit risk - Undisputed	-	-	-	-	-	-	-	-
- which have significant increase in credit risk - disputed	-	-	-	-	-	-	-	-
- credit impaired - Undisputed	-	-	-	-	-	-	**(18.36)**	**(18.36)**
- credit impaired - disputed	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-

Notes forming part of the Financial Statements (Contd.)

Notes forming part of Financial Statements

(All amounts are in Indian Rupees thousands unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
5. Cash and Cash Equivalents		
Balances with Banks		
Current Account	193.70	61.88
Deposit Accounts (Refer Note below)	3,252.00	3,806.07
Cash on Hand	0.23	7.26
	3.445.93	3,875.21

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 2022	As at 31 March 2021
6. Other Financial Assets		
Current		
Interest Accrued on the Bank Deposits	65.66	82.03
	65.66	82.03
7. Other Assets		
Current		
Deposits with Statutory Authorities	42.34	42.34
	42.34	42.34
8. 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, 2020	55,10,004	55,10,040
Add: Issued during the year	–	–
Balance at March 31, 2021	55,10,004	55,10,040
Add: Issued during the year	–	–
Balance at March 31, 2022	55,10,004	55,10,040

B) Shareholders holding more than 5% of the Equity Shares in the Company:

	As at March 31, 2022		As at March 31, 2021	
	(No. of Shares)	%	(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 2022			As at 31st March 2021		
		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 2022	As at 31 March 2021
9. 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.	(51,458.64)	(51,458.64)
Other items of other comprehensive income		
Other items of other comprehensive income consist of remeasurement of net defined benefit liability/asset.	(835.21)	(834.53)
	(51,793.85)	(51,793.85)
10. Provisions		
Employee Benefits:		
Gratuity (Refer Note 24)	118.11	106.25
Compensated Absences	7.87	15.07
	125.98	121.32
Non-current		
Gratuity (Refer Note 24)	114.85	103.58
Compensated Absences	7.68	14.68
	122.53	118.26
Current		
Gratuity (Refer Note 24)	3.26	2.67
Compensated Absences	0.19	0.38
	3.45	3.05
	125.98	121.31

	As at 31 March 2022	As at 31 March 2021
11. Other Financial Liabilities		
Current:		
Employee Dues Payable	4.41	4.39
	4.41	4.39
12. Other Liabilities		
Current:		
Statutory Liabilities	6.11	4.71
	6.11	4.71

	For the year ended 31 March 2022	For the year ended 31 March 2021
13. Revenue from Operations		
Sale of Products (Saplings)	340.00	320.00
	340.00	320.00
14. Other Income		
Interest Income on:		
Bank Deposits	173.35	234.68
Income tax refund	–	2.23
Provision no longer required written back	–	1,649.00
	173.35	1,885.91
15. Employee Benefits Expense		
Salaries and Wages (Refer Note 26)	265.83	373.16
Contribution to Provident and Other Funds	35.09	32.22
Gratuity Expense (Refer Note 24)	11.18	13.41
Staff Welfare Expenses	11.23	3.58
	323.33	422.37
16. Other Expenses		
Power and Fuel	-	27.34
Rent	7.76	7.76
Rates and Taxes	1.35	2.60
Insurance	2.80	3.15
Repairs and Maintenance - Others	0.68	0.55
Security Charges	157.89	150.01
Legal and Consultancy Expenses	67.20	337.50
Miscellaneous Expenses	72.50	71.72
	310.18	600.63
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

17. 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 23)

(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 2022	For the year ended 31 March 2021
Loss before Income Tax	(440.16)	(892.91)
Enacted Tax Rates	25.17%	25.17%
Computed Expected Tax Expense	(111.00)	224.75
Tax on Income after excluding expenses for income exempt u/s 10	111.00	(224.75)
Income Tax Expense	–	–

18. Contingent Liabilities *		
Claims againjst 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.

Notes forming part of the Financial Statements (Contd.)

	For the year ended 31 March 2022	For the year ended 31 March 2021
19. Earnings Per Share		
Computation of earnings per share is set out below:		
Net (Loss) / Profit attributable to Equity Shareholders (A)	(440.16)	910.82
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)	(0.08)	0.17

20. **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 2022	For the year ended 31 March 2021
Mr. Jaswinder Singh	**17.00%**	0%
Mr. Parvinder Singh	**11.90%**	0%

21. **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 2022	For the year ended 31 March 2021
ITC Limited:		
Purchases	**320.00**	290.00

(c) **Details of Related Party Balances:**

Description	As at 31 March 2022	As at 31 March 2021
ITC Limited	–	–

22. Trade Payable

Total Outstanding dues of creditors of micro and small enterprises**	–	–
Total Outstanding dues of creditors other than micro and small enterprises	151.20	145.40
	151.20	145.40

**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, 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

Ageing of Trade Payables

As at 31st March, 2021	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	-	145.40	-	-	-	-	145.40
Disputed Dues - MSME	-	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-	-
Total	-	**145.40**	-	-	-	-	145.40

* Unbilled Payable denotes Provision for Expenses which are yet to be billed.

23. 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 ₹ 23,410.91 thousands (being the difference between the premium paid on acquisition of such leasehold land amounting to ₹ 44,933.86 thousands and amortised to the extent of ₹ 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.

24. **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

Notes forming part of the Financial Statements (Contd.)

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, 2022 and March 31, 2021:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Change in Benefit Obligation		
Benefit Obligation at the beginning	106.25	235.16
Current Service Cost	4.54	3.53
Interest Expense	6.64	9.88
Remeasurements - Actuarial Losses	0.68	11.91
Benefits Paid	–	(154.23)
Benefit Obligations at the end	**118.11**	**106.25**

Amount for the year ended March 31, 2022 and March 31, 2021 recognised in the Statement of Profit and Loss under employee benefit expense:

Current Service Cost	**4.54**	3.53
Interest Expense	**6.64**	9.88
Gratuity Expense	**11.18**	13.41

Amount for the year ended March 31, 2022 and March 31, 2021 recognised in the Statement of Other Comprehensive Income:

Remeasurements of the Defined Benefit Liabilities		
Effect of changes in Financial Assumptions	–	–
Effect of Experience Adjustments	**0.68**	11.91
Cost recognised in the Statement of Other Comprehensive Income	**0.68**	11.91

Liability recognised in the Balance Sheet	**As at March 31, 2022**	As at March 31, 2021
Remeasurements of the Defined Benefit Liabilities		
Present Value of Defined Benefit Obligation	**118.11**	106.25
Liability recognised in Balance Sheet		
- Current	**3.26**	2.67
- Non-Current	**114.85**	103.58
Liability recognised in Balance Sheet	**118.11**	106.25

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	As at March 31, 2022	As at March 31, 2021
Discount Rates	**6.75%**	6.25%
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, 2022, every percentage point increase / decrease in discount rate will affect the Company's gratuity benefit obligation by approximately ₹ 5.00 thousands approx.

As at March 31, 2021, every percentage point increase / decrease in compensation levels will affect the Company's gratuity benefit obligation by approximately ₹ 6.00 thousands approx.

25. 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, 2022		As at March 31, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets (Measured at amortised cost)					
i) Trade Receivables	4	–	–	–	–
ii) Cash and Cash Equivalents	5	3,445.93	3,445.93	3,875.21	3,875.21
iii) Other Financial Assets	6	65.66	65.66	82.03	82.03
Total Financial Assets		3,511.59	3,511.59	3,957.24	3,957.24
Financial Liabilities (Measured at amortised cost)					
(i) Trade Payables	22	151.20	151.20	145.40	145.40
(ii) Other Financial Liabilities	11	4.41	4.41	4.39	4.39
Total Financials Liabilities		155.61	155.61	149.79	149.79

C. Financial Risk Management Objectives

The Company's activities expose it to 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 ₹ 3,252.00 thousands (As at March 31, 2021 - ₹ 3,806.07 thousands) and is represented by carrying amount of Balance with Banks - Deposit Accounts (Refer Note 5).

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 ₹ 3,445.93 thousands while the aggregate of trade payables and other financial liabilities is ₹ 155.62 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 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 2022	For the year ended 31, March 2021
Revenue from top customer	**17%**	10%
Revenue from top 5 customers	**59%**	32%

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 2022	As at 31, March 2021
Opening Balance	**(18.36)**	(18.36)
Add: Provisions made (Net)	–	–
Less: Utilisation	**18.36**	–
Closing Balance	–	(18.36)

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.

Notes forming part of the Financial Statements (Contd.)

26. Ratios

Ratio	Numerator	Denominator	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021	Variance	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	21.52	25.39	-15%	
Return on Equity Ratio	PAT	Average Shareholder's Equity	*	0.28		
Trade Payable turnover Ratio	Sales	Average Trade Payable	2.29	1.10	109%	Due to higher average payable for expense during last year.
Net Capital turnover Ratio	Sales	Working Capital	0.10	0.08	20%	
Net Profit Ratio	PAT	Sales	*	2.85		
Return on Capital Employed	PBIT	Average Capital Employed	*	0.27		

* 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.

27. The financial statements were approved for issue by the Board of Directors on May 2, 2022.

On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: May 2, 2022

ITC: Transforming Lives and Landscapes

Enduring Value

ITC e-Choupal

- Empowering 4 million farmers
- Increasing productivity and farmers' income, promoting sustainable agriculture, creating market linkages

Afforestation

- Over 9,50,000 acres greened
- Supporting about 173 million person-days of employment

Watershed Development

- Watershed development in over 1.3 million acres in 16 States

Climate Smart Agriculture

- 4,50,000 farmers benefitted

Women's Empowerment

- Over 86,000 women empowered economically

Primary Education

- Over 8,60,000 rural children covered

Skilling and Vocational Training

- Over 1,00,000 youth enrolled

Health & Sanitation

- Over 39,000 Individual Household Toilets constructed in 12 States

Pioneer of Green Building Movement in India

- 38 Platinum-rated Green Buildings
- ITC Windsor, ITC Grand Chola and ITC Gardenia are the first 3 hotels in the world to achieve LEED® Zero Carbon Certification

Renewable Energy

- Around 42% of ITC's Energy is met from Renewable Sources

Solid Waste Management

- Well Being Out of Waste (WOW) covers over 1.8 crore citizens

ITC is the only enterprise in the world of comparable dimensions to be Carbon Positive, Water Positive and Solid Waste Recycling Positive.

ITC's businesses and value chains support over 6 million sustainable livelihoods.

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