Tata Consumer Products Canada Inc.

Financial Statements

Year ended 31 March 2023

Tata Consumer Products Canada Inc.

Income statement & Comprehensive income
For the years ended March 31, 2023

	Note	**2023** CAD'000	2022 CAD'000
Sales, net		67,747	61,959
Cost of goods sold		52,483	47,774
Gross Profit		**15,264**	14,185
Selling, general and administrative expenses	4	13,240	12,337
Profit from Operations		**2,024**	1,848
Other income		9	11
Interest expense	5	(113)	(67)
Interest income	5	98	37
Profit Before Tax		**2,018**	1,829
Provision for Income Taxes			
Current		(573)	(404)
Deferred		37	(85)
Net Profit After Tax		**1,482**	1,340
Other comprehensive (expense) / income for the financial year, net of tax		-	-
Total comprehensive income /(expense) for the financial year		**1,482**	1,340

The notes are an integral part of these financial statements.

Fr and on behalf of Tata Consumer Products Canada Inc.

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Abhijit Lahiri
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Abhijit Lahiri
VP - Finance & Supply Chain

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Tata Consumer Products Canada Inc.

Statement of financial position
As at 31 March 2023

	Note	**2023 CAD'000**	2022 CAD'000
Non-current assets			
Goodwill	6	**5,912**	5,912
Property, plant and equipment	7	**137**	178
Right of use assets	8	**155**	221
Other Intangible Asset		**8**	-
Total Non-Current Asset		**6,212**	6,311
Current assets			
Inventories	9	**5,061**	3,684
Trade and other receivables	10	**15,170**	11,246
Cash & Cash Equivalent			
Current Tax Assets (Net)		**-**	97
Total Current Assets		**20,231**	15,027
Current liabilities			
Borrowings	11	**475**	303
Creditors - amounts falling due within one year	12	**21,190**	17,779
Current income tax liabilities		**200**	-
Lease liabilities	8	**117**	120
Total Current Liabilities		**21,982**	18,202
Net current assets		**(1,751)**	(3,175)
Total assets less current liabilities		**4,461**	3,136
Non-current liabilities			
Lease liabilities	8	**239**	359
Deferred income tax liabilities		**897**	934
Total Non-current Liabilities		**1,136**	1,293
Net assets		**3,325**	1,843
Shareholder's Equity			
Capital Stock Common Shares (1 issued and Class A Common Shares (10,000 issued)		**1,500**	1,500
Retained earnings		**1,825**	343
Total equity		**3,325**	1,843

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Tata Consumer Products Canada Inc.

Statement of changes in equity
For the year ended 31 March 2023

			CAD'000
	Capital Stock	**Retained Earnings**	**Total Stockholder's Equity**
Balance as at April 1, 2021	**1,500**	**2,503**	**4,003**
Profit for the financial year	**-**	1,340	1,340
Transaction with owners in their capacity			
Dividends	**-**	(3,500)	**(3,500)**
Balance as at March 31, 2022	**1,500**	**343**	**1,843**
Profit for the financial year	**-**	1,482	1,482
Transaction with owners in their capacity			
Dividends	**-**	-	**-**
Balance as at March 31, 2023	**1,500**	**1,825**	**3,325**

For and on behalf of Tata Consumer Products Canada Inc.

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Tata Consumer Products Canada Inc.

Statement of Cash Flow
For the year ended 31 March 2023

	2023	2022
	CAD'000	CAD'000
Net Income/(Loss) before Tax	**2,018**	1,829
Adjustment to reconcile net income to cash provided by		
Depreciation and Amortisation	129	125
Finance Cost	113	67
Finance Income	(98)	(37)
Operating Cash Flow before working capital changes	**2,162**	1,984
Adjustment for:		
Changes in Working Capital		
(Increase) / Decrease in Inventory	(1,377)	2,939
(Increase) / Decrease in Debtors	(2,947)	2,973
(Increase) / Decrease in Other operating loans and	(980)	422
Increase / (Decrease) in Other operating liability and	3,414	(4,050)
Cash flow from changes in Working capital	**(1,890)**	2,284
Operating Cash Flow after working capital changes	**272**	4,268
Tax Paid	**(276)**	(584)
Net Cash from Operating activities	**(4)**	3,684
Investing Activities		
Payment for Property, Plant and Equipment	(36)	(8)
Interest Income	98	37
Cash flow from Investing Activities	**62**	29
Financing Activities		
Working Capital Loans	172	(33)
Interest Paid	(113)	(67)
Cash flow from Financing Activities	**(58)**	(3,713)
Net Change in Cash	-	-
Cash and Cash Equivalent		
Opening Balance	-	-
Closing Balance	-	-

For and on behalf of Tata Consumer Products Canada Inc.

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1. General Information

Tata Consumer Products Canada Inc. (TCPCI) is responsible for sales and marketing of all Tata Consumer Products Limited products in Canada. TCPCI creates advertising and promotional programs to drive sales and manages both the sales brokers and distributors who sell to retailers and foodservice operators.
TCPCI was incorporated on 01st April, 1996, located in Etobicoke, ON, Canada.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are either set out below or included in the accompanying notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Function and presentation currency

The company's functional and presentation currency is the Canadian Dollars (CAD).

b. Revenue from contracts with customer

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset or when services are rendered.

Revenue is measured based on transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of the goods and services to a customer is based on the price specified in the contract and is net of variable consideration on account of estimated sales incentives / discounts offered by the Company. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

A refund liability is recognised for expected sale returns and corresponding assets are recognised for the products expected to be returned.

The Company recognises as an asset, the incremental costs of obtaining a contract with a customer, if the Company expects to recover those costs. The said asset is amortised on a systematic basis consistent with the transfer of goods or services to the customer.

c. Finance income

Finance income is recognised using the effective interest method. When a loan and receivable is impaired,the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as finance income. Finance income on impaired loan and receivables is recognised using the original effective interest rate.

d. Royalty Income

Royalty income includes fees generated by licensing the Company's trademark throughout Canada. Licensing fees are recognized when earned, which is generally upon sale of the underlying products by the licensees and are recorded in net sales.

e. Borrowing Costs

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the 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.

f. Intangible assets

Goodwill arising on a business combination represents the excess of the fair value of consideration over the identifiable net asset acquired. Fair value of consideration represents the aggregate of the consideration transferred, a reliable estimate of contingent consideration payable, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree on the acquisition date. Net assets acquired represents the fair value of the identifiable assets acquired and liabilities assumed.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the acquisition itself or from the synergies of the combination or both. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is not amortised but is tested for impairment. Goodwill impairment reviews are generally undertaken annually. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed unless the CGU is classified as “Asset held for sale” and there is evidence of reversal. Goodwill is subsequently measured at cost less amounts provided for impairment.

g. Property, plant and equipment

i) Recognition and measurement: Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure directly attributable to the acquisition of the item. Subsequent expenditure related to an asset is added to its book value only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amounts of replacements are derecognised. All repairs and maintenance are charged to the statement of profit and loss during the financial year in which they are incurred.

ii) Depreciation: 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 on a straight line basis. Land is not depreciated.

iii) Cost incurred on assets under development are disclosed under capital work in progress and not depreciated till asset is ready to use.

The residual values and useful lives for depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Recoverable amount is higher of the value in use or exchange. Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amount and are recognised in the statement of profit and loss.

iv) Estimated useful lives of items of property, plant and equipment are as follows:

Category	**Useful life**
Furniture and Fixtures	10 years
Computers	3 years

h. Dividend payable

Dividend payable by the company is recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders.

i. Other receivables

Other receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

j. Inventories

Inventories are stated at the lower of cost, or net realizable value, as determined by using the first-in, first-out method. The cost elements of inventories include materials, labour and overhead. In evaluating whether inventories are stated at the lower of cost or net realizable value, the Company considers factors such as the amount of inventory on hand; estimated time required to sell such inventory, remaining shelf life and market conditions.

k. Current and deferred income tax

i) Current Income Tax:
Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with local laws of various jurisdiction where the Group operates.

ii) Deferred Tax:
Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred 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 utilised.

The tax rates and tax laws used to compute the tax are those that are enacted or substantively enacted at the reporting date. Current income tax and deferred tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

l. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

m. Trade receivables

Trade receivables are amounts due from customers for products sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables that do not contain a significant financing component are initially measured at transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For trade receivables, the Company applies the simplified approach for recognition of impairment allowance as provided in IFRS 9, which requires expected lifetime losses to be recognised on initial recognition of the receivables

n. Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. Creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

o. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits 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. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised till the realisation of the income is virtually certain. However the same are disclosed in the financial statements where an inflow of economic benefit is possible.

p. Other Employee Benefits

Other employee benefits are accounted for on accrual basis. Liabilities for compensated absences are determined based on independent actuarial valuation at year end and charge is recognised in the statement of profit and loss.

q. Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities in foreign currencies are re-translated at the rate of exchange rate ruling at the balance sheet date. All exchange differences are recognised in the income statement.

r. Leases

As a lessee

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains a lease if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- the contract conveys the right to use an identified asset;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the identified asset.

At the date of commencement of a lease, the Company recognises a right-of-use asset ("ROU assets") and a corresponding lease liability for all leases, except for leases with a term of twelve months or less (short-term leases) and low value leases. For short-term and low value leases, the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. Lease payments to be made under such reasonably certain extension options are included in the measurement of ROU assets and lease liabilities.

Lease liability is measured by discounting the lease payments using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and restoration costs. These are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated on a straight-line basis over the asset’s useful life (refer 2.(f)) or the lease term whichever is shorter.

Impairment of ROU assets is in accordance with the Group’s accounting policy for impairment of tangible and intangible assets.

s. Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue. Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed, if material.

3. Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated impairment of goodwill

Determining whether impairment is needed requires an estimation of the recoverable amount through value in use of the cash generating units to which the goodwill or intangible asset has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash- generating unit and use a suitable discount rate in order to calculate present value.

Judgements

There are no judgements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Selling, general and administrative expenses

	2023 CAD'000	2022 CAD'000
Selling and distribution costs	**9,894**	8,625
Administrative expenses	**3,346**	3,712
Total	**13,240**	12,337

Above expenses include	2023 CAD'000	2022 CAD'000
Wages and salaries	**2,314**	2,718
Social Security Costs	**102**	101
Other Staff Welfare Costs	**153**	159
Staff costs:	**2,569**	2,978
Depreciation (Note 8)	**61**	61
Depreciation of ROU assets (Note 13)	**66**	64
Audit Fees	**73**	105

5.Finance Income and Costs

	2023 CAD'000	2022 CAD'000
Interest income - Other	**98**	37
Total interest income	**98**	37
Interest on Bank Borrowings	**(8)**	(4)
Interest expense to group undertakings	**(97)**	(46)
Interest on finance lease liabilities	**(8)**	(17)
Total interest expense	**(113)**	(67)
Net interest income	**(15)**	(30)

6. Goodwill

	CAD'000
Net carrying amount	
At 31 March 2022	5,912
At 31 March 2023	**5,912**

7. Property, plant and equipment

	Computers	Furniture and Fixtures	CAD'000 Total Tangible Assets
Cost			
As at April 1, 2021	**190**	**611**	**801**
Additions	8		**8**
Disposal	(59)	-	**(59)**
As at March 31, 2022	**139**	**611**	**750**
Additions	20	-	**20**
Disposal	-	-	**-**
As at March 31, 2023	**159**	**611**	**770**
Accumulated Depreciation			
As at April 1, 2021	**164**	**406**	**570**
Depreciation for the year	17	44	**61**
Disposal	(59)	-	**(59)**
As at March 31, 2022	**122**	**450**	**572**
Depreciation for the year	16	45	**61**
Disposal	-	-	**-**
As at March 31, 2023	**138**	**495**	**633**
Net Carrying Value			
As at March 31, 2022	17	161	178
As at March 31, 2023	**21**	**116**	**137**

8. Leases

Leases where the company is the lessee. Lease liabilities are secured on the leased assets. The company leases various offices, factory buildings, equipment, and motor vehicles.

Amounts recognised in the balance sheet:

Right-of-use Assets

CAD'000

	Buildings	Office Equipment	Motor Vehicles	Total Right of use Assets
Cost				
As at April 1, 2021	**262**	**33**	**57**	**352**
Additions	-	-	50	**50**
Disposal	-	-	(36)	**(36)**
As at March 31, 2022	**262**	**33**	**71**	**366**
Additions	-	-	-	-
Disposal	-	-	(20)	**(20)**
Adjustments / Transfer	-	-	-	-
As at March 31, 2023	**262**	**33**	**51**	**346**
Accumulated Depreciation				
As at April 1, 2021	**74**	**13**	**30**	**117**
Depreciation for the year	37	7	20	**64**
Disposal	-	-	(36)	**(36)**
As at March 31, 2022	**111**	**20**	**14**	**145**
Depreciation for the year	37	7	22	**66**
Disposal			(20)	**(20)**
As at March 31, 2023	**148**	**27**	**16**	**191**
Net Carrying Value				
As at March 31, 2022	151	13	57	221
As at March 31, 2023	**114**	**6**	**35**	**155**

Lease liabilities

	2023 CAD’000	2022 CAD’000
Current	**117**	120
Non-current	**239**	359
Total	**356**	479

9. Inventories

	2023	2022
	CAD'000	CAD'000
Finished goods	**5,058**	3,680
Packing Material	**3**	4
Total	**5,061**	3,684

10. Trade and other receivables

	2023	2022
	CAD'000	CAD'000
Trade receivables	**12,731**	9,787
Other receivables	**1,545**	1,098
Prepayments and accrued income	**894**	361
Total	**15,170**	11,246

11. Borrowings

	2023	2022
	CAD'000	CAD'000
Bank Overdraft	**(475)**	(303)
Total	**(475)**	(303)

Bank overdraft is a part of a Group's cash-pooling arrangement. Interest is charged at a margin over I.C.E. benchmark administration settlement rate.

12. Creditors - amounts falling due within one year

	2023	2022
	CAD'000	CAD'000
Trade creditors	**17,997**	15,904
Other creditors	**3,193**	1,875
Total	**21,190**	17,779

Creditors include CAD 11,208K being amounts due to related parties (2022: CAD 7,141K).

13. Parent company

Tata Consumer Products Canada Inc. (TCPCI) was incorporated on 01st April, 1996, located in Etobicoke, ON, Canada. The immediate parent undertaking is Tata Consumer Products Overseas Holdings Limited. The smallest parent to include the company's results in its consolidated financial statements is Tata Consumer Products UK Group Limited, a company incorporated in the United Kingdom. The company's ultimate parent undertaking is Tata Consumer Products Limited, a company registered in India.

14. Events after the end of the reporting period

As at the date of this report, no matter or circumstance has arisen since 31 March 2023 that has significantly affected, or may significantly affect the company, its results or the state of affairs in future financial years.

15. Previous year's figures have been regrouped / rearranged, to the extent necessary, to conform to current year's classifications.