Enduring Value

ITC Limited

REPORT AND ACCOUNTS

OF

SUBSIDIARY COMPANIES

2020

SUBSIDIARY COMPANIES

REPORT OF THE BOARD OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

1. Your Directors submit their Report for the financial year ended 31st March, 2020.

2. **ECONOMIC ENVIRONMENT**

The pace of India's GDP growth has been trending on the lower side since 2016-17. In the current year, the slowdown gathered momentum as the weakness which was investment led at the beginning broadened into consumption weakness, primarily driven by stress in the NBFC sector, rural distress, wage growth stagnation and weak job creation. The weakness in consumption and investment demand was partly offset by increase in Government spending. However, imposition of nationwide lockdown towards the end of March on account of COVID-19, impacted economic activity further.

In order to arrest the slowdown, the Government announced a series of targeted micro relief measures for various sectors besides active monetary accommodation from the Reserve Bank of India (RBI) amidst benign inflationary conditions. Key among the Government measures was the quantum reduction, rather than the usual policy of gradualism, in corporate income tax rates. The RBI, on its part, reduced Repo and Reverse Repo interest rates by 185 bps and 200 bps to 4% and 4.4%, respectively, during the financial year. Further, to facilitate transmission of interest rate cuts to the broader economy, RBI also ensured that the Banking system liquidity moved into surplus from a deficit position at the year beginning.

With the onset of COVID-19, Foreign Institutional Investors (FIIs) turned net sellers of emerging market assets including Indian debt / equity instruments. The massive pullout by FIIs strained liquidity in the secondary debt market and pushed market interest rates higher in March. To address market dislocation caused by FII selling towards the end of March, RBI reduced Cash Reserve Requirement for Banks and conducted Targeted Long Term Repo operations. These measures improved market sentiment and reduced volatility in the interest rate markets.

In the above backdrop, Indian economy grew by 4.2% in real terms in 2019-20 compared to 6.1% in 2018-19. Fiscal deficit for the year, which in February was expected to slip by 50 bps from the budgeted target (3.3% vs. 3.8% of GDP), slipped 129 bps to 4.59% of GDP, as revenue collections were impacted post onset of COVID-19. Current account deficit is expected to contract to about 1% of GDP from 2.1% in the previous year aided by low crude oil prices and lower imports due to weak demand conditions.

Supported by cut in Policy interest rates, market interest rates across the sovereign (Government Securities / T-Bills) and credit spectrum (Certificate of Deposits, Commercial Papers and Bonds issued by Public and Private Sector entities) declined during the year. However, credit spreads for entities in the Private Sector remained elevated due to default by few large corporates in servicing their market borrowings, market concerns over liquidity profile of NBFCs and highly leveraged corporate groups.

3. **FINANCIAL PERFORMANCE**

Your Company delivered another year of decent performance across all financial parameters. Revenue from operations during the year was ₹ 6,290.40 lakhs (previous year: ₹ 6,116.24 lakhs). Net Profit for the year was ₹ 4,175.36 lakhs (previous year: ₹ 3,783.68 lakhs) and Total Comprehensive Loss stood at ₹ 6,885.64 lakhs (previous year Income: ₹ 6,542.37 lakhs), primarily due to changes in fair values of certain long term strategic investments which are classified as Fair Value through Other Comprehensive Income.

During the latter part of the financial year, the COVID-19 pandemic and the consequent lockdown posed a formidable challenge to the Company's operations and its stakeholders. However, laid down systems and processes which form part of your Company's operating practices have enabled seamless 'Work from Home' for relevant employees. The same has aided your Company's ability to ensure business continuity and has facilitated restoration of normalcy in operations.

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

	For the year ended 31st March, 2020 (₹ in lakhs)	For the year ended 31st March, 2019 (₹ in lakhs)
Profits		
a. Profit Before Tax	**5,065.39**	5,136.59
b. Less : Tax Expense	**890.03**	1,352.91
c. Profit After Tax	**4,175.36**	3,783.68
d. Add : Other Comprehensive Income / (Loss)	**(11,061.00)**	2,758.69
e. Total Comprehensive Income / (Loss)	**(6,885.64)**	6,542.37

	For the year ended 31st March, 2020 (₹ in lakhs)	For the year ended 31st March, 2019 (₹ in lakhs)
Retained Earnings		
a. At the beginning of the year	**6,448.14**	3,422.55
b. Add : Profit for the year	**4,175.36**	3,783.68
c. Add : Other Comprehensive Loss	**(3.36)**	(1.35)
d. Less : Transfer from Retained Earnings to Special Reserve	**835.07**	756.74
e. Less : Interim Dividend paid	**5,495.07**	–
f. Less : Income Tax on Interim Dividend	**1,129.53**	–
g. At the end of the year	**3,160.47**	6,448.14

4. **DIVIDEND**

During the year under review, Interim Dividend of ₹ 0.85 per Equity Share was declared by your Directors on 27th December, 2019. Such Dividend was paid, in proportion to the amount paid-up on each Equity Share, to the Members whose names appeared in the Register of Members of the Company on the aforesaid date. The said Interim Dividend aggregating ₹ 5,495.07 lakhs has been recommended by your Directors as the Final Dividend for the financial year ended 31st March, 2020.

5. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) Changes in Directors and Key Managerial Personnel 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').

Mr. Ketan Shantilal Madia ceased to be the Manager and Company Secretary of the Company with effect from close of work on 30th September, 2019. The Board, on the recommendation of the Nomination and Remuneration Committee, appointed Ms. Nidhi Bajaj as the Manager of the Company for a period of two years with effect from 1st October, 2019, in terms of the provisions of Sections 196, 197 and 203 of the Companies Act, 2013 ('the Act'), subject to the approval of the Members of the Company. Appropriate resolution seeking your approval to Ms. Bajaj's appointment as Manager is appearing in the Notice convening the ensuing Annual General Meeting ('AGM') of the Company. Ms. Bajaj has also been appointed as the Company Secretary of the Company with effect from the said date.

(b) 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, the Holding Company, 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 Article 143 of the Articles of Association of the Company, Messrs. Saradindu Dutta (DIN: 00058639) and Rajendra Kumar Singhi (DIN: 00009931), 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) 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 individual Directors, as in the previous year, was based on criteria approved by the Nomination and Remuneration Committee. The Committee Chairmen placed before the Board, reports on functioning of respective Board Committees during the year.

(d) 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

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

Audit Committee	Nomination and Remuneration Committee
Mr. R. Tandon (Chairman)	Mr. R. K. Singhi (Chairman)
Mr. Saradindu Dutta	Mr. Supratim Dutta
Ms. Sheela G. Mukherjee	Mr. R. Tandon
CSR Committee	**Asset Liability Management Committee**
Mr. R. Tandon (Chairman)	Mr. R. Tandon (Chairman)
Mr. Saradindu Dutta	Mr. Saradindu Dutta
Mr. R. K. Singhi	Mr. Supratim Dutta

Risk Management Committee

Mr. R. Tandon (Chairman)

Mr. Saradindu Dutta

Ms. Sheela G. Mukherjee

Six meetings of the Board were held during the year ended 31st March, 2020.

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 No. 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 2019-20 (₹ in lakhs)	FY 2018-19 (₹ in lakhs)	**FY 2019-20 (₹ in lakhs)**	FY 2018-19 (₹ in lakhs)
Subsidiary company				
Greenacre Holdings Limited	**570.38**	532.91	**133.26**	178.24
Associate companies				
International Travel House Limited	**21,051.77**	21,063.99	**(741.08)**	267.97
Divya Management Limited	**53.34**	56.75	**16.37**	24.22
Antrang Finance Limited	**31.14**	28.05	**5.70**	4.44
Russell Investments Limited	**473.41**	601.31	**249.86**	479.95
Maharaja Heritage Resorts Limited	**368.59**	381.70	**38.96**	(14.01)

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. A productive workplace has been and remains a key requirement for successful business performance of your Company. The Company believes that HRD strategies and practices will continue to provide competitive advantage to the Company. In addition to the Key Managerial Personnel, the Company had seven employees as on 31st March, 2020.

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.

11. 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 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 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. During the year, the Company adopted a Liquidity Risk Management Policy in terms of which the overall responsibility for management of liquidity risk vests with the Board. 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, including those that have arisen due to the still unfolding COVID-19 pandemic.

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.

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 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.

The details of material related party transactions of the Company in the prescribed Form No. 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. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 6** to this Report.

18. COST RECORDS

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

19. AUDITORS

(a) Statutory Auditors

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were appointed as the Auditors of your Company at the 25th AGM held on 20th June, 2019 to hold such office till the conclusion of the 30th AGM (up to financial year 2023-24). Pursuant to Section 142 of the Act, the Board on the recommendation of the Audit Committee, has recommended for the approval of the Members, remuneration of SRBC for the financial year 2020-21. 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. S. M. Gupta & Co., Company Secretaries, to conduct secretarial audit of the Company for the financial year ended 31st March, 2020. The Report of Messrs. S. M. Gupta & Co., in terms of Section 204 of the Act, is enclosed as **Annexure 7** to this Report.

20. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

During the year under review, there has been no foreign exchange earnings or outflow.

On behalf of the Board

R. Tandon *Chairman*

Dated : 9th June, 2020 — Saradindu Dutta *Director*

Annexure 1 to the Report of the Board of Directors & Management Discussion and Analysis for the financial year ended 31st March, 2020

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, 2020

[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. Suresh Kumar *	44	Chief Financial Officer	97,25,145/-	47,36,935/-	B. Com. (Hons.), A.C.A., C.M.A.	20	01.01.2015	Manager (Domestic Treasury) - ITC Limited
N. Bajaj #	36	Manager & Company Secretary	26,72,150/-	17,76,047/-	B. Com. (Hons.), A.C.S., M.B.L.	12	01.10.2019	Assistant Secretary - ITC Limited
K. S. Madia $	50	Manager & Company Secretary	20,08,474/-	14,07,893/-	B. Com. (Hons.), F.C.S., M.B.A. (Finance)	21	01.08.2018	Assistant Secretary - ITC Limited
T. Sarkar	56	Assistant Manager	13,10,187/-	9,48,419/-	B. Com.	30	01.04.2015	Accounts Supervisor - Russell Investments Limited
S. Bose	54	Office Associate	10,05,498/-	7,73,231/-	B. Sc., Post Graduate Diploma in Computers	24	01.02.1999	Secretarial Assistant - Sage Investments Limited
S. Mondal	51	Assistant Manager	9,89,154/-	7,99,988/-	B. Com. (Hons.)	25	01.04.2015	Accounts Supervisor - Divya Management Limited
A. Kumar	38	Accounts Supervisor	8,38,241/-	6,79,373/-	B. A. (Hons.), M.B.A. (Finance)	14	01.08.2015	Information Analyst - Centre for Monitoring Indian Economy Pvt. Ltd.
D. K. Das	48	Accounts Assistant	6,31,788/-	5,47,196/-	B. Com.	23	01.04.2015	Junior Assistant - Russell Investments Limited
J. Venkat Rao	43	Accounts Assistant	5,64,277/-	4,91,986/-	B. Com.	14	01.04.2015	Junior Assistant - Divya Management Limited
U. Choudhury %	27	Accounts Supervisor	4,49,233/-	4,11,451/-	B. Com. (Hons.), C.M.A.	3	02.01.2017	--

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

 # Appointed with effect from 1st October, 2019 on deputation from ITC.

$ Was on deputation from ITC and ceased to be the Manager & Company Secretary on completion of term with effect from close of work on 30th September, 2019.

% Resigned with effect from 6th December, 2019.

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. The Chief Financial Officer 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) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Chief Financial Officer and the Manager & Company Secretary 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 / were contractual in accordance with terms and conditions as per Company's rules.

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

On behalf of the Board

R. Tandon — *Chairman*

Saradindu Dutta — *Director*

Dated : 9th June, 2020

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, 2020

[Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1.	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken		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. The Company undertakes CSR activities: • as listed in Schedule VII to the Companies Act, 2013 and as approved by the CSR Committee; • directly or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2.	Composition of the CSR Committee		Mr. R. Tandon (Chairman) Mr. Saradindu Dutta Mr. R. K. Singhi
3.	Average net profits of the Company for last three financial years		₹ 5,580 lakhs
4.	Prescribed CSR expenditure (2% of the amount as in item 3 above)		₹ 111.60 lakhs
5.	Details of CSR spent during the financial year:	a) Total amount to be spent for the financial year b) Amount unspent, if any	₹ 112 lakhs Nil

c) Manner in which the amount spent during the financial year is detailed below:

Sl. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programs** **(1) Local area or other** **(2) Specify the State and district where projects or programs were undertaken**	**Amount outlay (Budget) project or program wise**	**Amount spent on the projects or programs** **Sub-heads:** **(1) Direct expenditure on projects or programs** **(2) Overheads**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1.	Contribution to the corpus of ITC Education Trust	Promoting Education [covered under Clause (ii) of Schedule VII to the Companies Act, 2013]	N.A.	₹ 112 lakhs	₹ 112 lakhs	₹ 112 lakhs	Implementing Agency – ITC Education Trust, Kolkata

The CSR Committee of the Board has confirmed that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

On behalf of the Board

R. Tandon — *Chairman – CSR Committee*
Saradindu Dutta — *Director*

Dated : 9th June, 2020

Annexure 4 to the Report of the Board of Directors &

Management Discussion and Analysis for the financial year ended 31st March, 2020

Policy on dealing with Related Party Transactions

1. The Company shall not enter into any contract or arrangement with a related party without the approval of the Audit Committee.
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) The name(s) of the related party and the nature and duration of the transaction;
   (b) The maximum amount that can be transacted;
   (c) The indicative base price / current contracted price and the formula for variation in the price, if any; For this purpose, (i) price will mean the estimated money consideration under a contract of sale or purchase of goods or services, net of applicable taxes such as goods and services tax and (ii) the formula for variation in the price to be based on one of the globally accepted methods of establishing arm's length pricing such as Comparable Uncontrolled Price ('CUP'), Cost Plus, Transaction Net Margin and Resale Price Method.
   (d) Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
4. The Audit Committee shall review, at least on a half-yearly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval; such omnibus approval to 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 are not to be subjected to the omnibus approval mechanism:
   (a) Transactions which are not in the ordinary course of business or not at arm's length;
   (b) Transactions exceeding the threshold limits specified in (2) above;
   (c) Transactions which are not repetitive or not unforeseen in nature;
   (d) Transactions in respect of sale or disposal of any undertaking of the Company.
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. 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.

Annexure 5 to the Report of the Board of Directors &
Management Discussion and Analysis for the financial year ended 31st March, 2020

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 Infotech India Limited (I3L), fellow subsidiary
b)	Nature of contracts / arrangements / transactions	Unsecured inter-corporate loan of ₹ 10,000 lakhs to I3L
c)	Duration of the contracts / arrangements / transactions	Not exceeding one year from 8th December, 2019
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	• Interest payable on quarterly basis @ 8.75% per annum • Loan disbursed during the year and outstanding as on 31st March, 2020 : Nil
e)	Date(s) of approval by the Board, if any	The Board of Directors of the Company at the meeting held on 18th December, 2014 delegated the power to two Directors to grant inter-corporate loans to fellow Indian subsidiaries
f)	Amount paid as advances, if any	Nil

On behalf of the Board

R. Tandon *Chairman*

Dated : 9th June, 2020

Saradindu Dutta *Director*

Annexure 6 to the Report of the Board of Directors & Management Discussion and Analysis

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U65993WB1994PLC061684
ii) Registration Date	:	1st February, 1994
iii) Name of the Company	:	Russell Credit Limited
iv) Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v) Address of the Registered office and contact details	:	Virginia House 37 J. L. Nehru Road Kolkata – 700 071 Phone: 033 2288 4086 / 6228 / 1946 Fax: 033 2288 9980 e-mail ID : RussellCredit.Limited@itc.in
vi) Whether listed company	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Other financial service activities: • Interest Income • Net gain on fair value changes • Fees and Commission Income	64990	 63.66% 18.16% 12.42%

III. PARTICULARS OF HOLDING, SUBSIDIARIES AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in / by the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)
2.	Greenacre Holdings Limited ITC Centre 37 J. L. Nehru Road Kolkata – 700 071	U55202WB1986PLC049467	Subsidiary company	100.00%	2(87)
3.	International Travel House Limited Travel House, T-2 Community Centre Sheikh Sarai, Phase I New Delhi – 110 017	L63040DL1981PLC011941	Associate company	45.36%	2(6)
4.	Divya Management Limited 8/2 Kiron Sankar Roy Road 2nd Floor, Room No. 28 Kolkata – 700 001	U51109WB1995PLC069518	Associate company	33.33%	2(6)
5.	Antrang Finance Limited 4 Ripon Street, 2nd Floor Kolkata – 700 016	U65993WB1993PLC060271	Associate company	33.33%	2(6)
6.	Russell Investments Limited 21 Prafulla Sarkar Street Kolkata – 700 072	U65993WB1987PLC043324	Associate company	25.43%	2(6)
7.	Maharaja Heritage Resorts Limited 25, Community Centre Basant Lok, Vasant Vihar New Delhi – 110 057	U74899DL1995PLC099649	Associate company	25.00%	2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) **Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual / HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	67,28,76,577	67,28,76,577	100.00	–	67,28,76,577	67,28,76,577	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**–**	**67,28,76,577**	**67,28,76,577**	**100.00**	**–**	**67,28,76,577**	**67,28,76,577**	**100.00**	**Nil**
(2) **Foreign**									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**67,28,76,577**	**67,28,76,577**	**100.00**	**–**	**67,28,76,577**	**67,28,76,577**	**100.00**	**Nil**
B. Public Shareholding									
(1) **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
(2) **Non-Institutions**									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals i) Individual shareholders holding nominal share capital up to ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total Public Shareholding (B) = (B)(1)+(B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	**–**	**67,28,76,577**	**67,28,76,577**	**100.00**	**–**	**67,28,76,577**	**67,28,76,577**	**100.00**	**Nil**

(ii) **Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	67,28,76,577	100.00	Nil	67,28,76,577	100.00	Nil	Nil

(iii) **Change in Promoters' Shareholding (please specify, if there is no change):**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	**No change during the year**			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** NOT APPLICABLE

(v) **Shareholding of Directors and Key Managerial Personnel:** None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager:

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	N. Bajaj (Manager & Company Secretary) *(refer Note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	24,82,406
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	1,28,169
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission – as % of profit – others, specify	–
5.	Others, please specify	–
Total Amount (A)		**26,10,575**
Ceiling as per the Companies Act, 2013 *(5% of the net profits of the Company computed in accordance with Section 198 of the said Act)*		231.60

Note: Ms. N. Bajaj was appointed with effect from 1st October, 2019 on deputation from ITC Limited (ITC). She has been granted Employee Stock Appreciation Linked Reward Units (ESAR Units) by ITC under its Stock Appreciation Linked Reward Plan. Since these ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Units, and accordingly the said grant has not been considered as remuneration.

B. Remuneration to other Directors:

(₹ in lakhs)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	Saradindu Dutta				
	Supratim Dutta				
	Sheela G. Mukherjee				
	R. K. Singhi				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**26,10,575**
Overall ceiling as per the Companies Act, 2013 *(11% of the net profits of the Company computed in accordance with Section 198 of the said Act)*					**509.53**

C. **Remuneration to Key Managerial Personnel other than MD / Manager / WTD:**

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	S. Suresh Kumar (Chief Financial Officer) *(refer Note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	81,38,618
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	13,63,867
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	-
Total Amount		**95,02,485**

Note: Mr. S. Suresh Kumar is on deputation from ITC Limited (ITC). He has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / 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.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013 : None

On behalf of the Board

R. Tandon *Chairman*

Dated : 9th June, 2020 Saradindu Dutta *Director*

Annexure 7 to the Report of the Board of Directors & Management Discussion and Analysis

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31.03.2020

[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, 2020. 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) 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 remote 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, 2020, 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, 2020 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, 2020 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.

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.

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: 09.06.2020
Enclo: Annexure A

(S. M. Gupta)
Partner
S. M. Gupta & Co.
Company Secretaries
Firm Registration No.: P1993WB046600
Membership No.: FCS - 896
CP No: 2053
Peer Review No: 718/2020
UDIN: F000896B000325651

'Annexure A'

(To the Secretarial Audit Report of Russell Credit Limited for the Financial Year ended 31/03/2020)

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 31/03/2020 of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test 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, 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.

7. This Report is being issued under the conditions of lockdown due to COVID-19 with limited resources available to us.

Place: Kolkata
Date: 09.06.2020

(S. M. Gupta)
Partner
S. M. Gupta & Co.
Company Secretaries
Firm Registration No.: P1993WB046600
Membership No.: FCS - 896
CP No: 2053
Peer Review No: 718/2020
UDIN: F000896B000325651

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RUSSELL CREDIT LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Russell Credit Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, 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, 2020, 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 Director's Report including Annexures to Directors 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.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2019, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on April 24, 2019.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid 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 Ind AS financial statements – Refer Note 13 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 20109360AAAAAX1139

Place of Signature: Mumbai
Date: June 9, 2020

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 OF THE SECTION ON "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(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) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. There are no unclaimed deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(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, sales-tax, service tax, value added 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, 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 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 records of the Company, the dues of income-tax, sales-tax, service tax, value added tax and cess on account of any dispute, are as follows.

Name of Statute	Nature of Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where Dispute is Pending
Uttar Pradesh Value Added Tax erstwhile namely "UP Trade Tax Act, 1948"	Lease Tax	37.01	1996-97 to 1999-2000	Joint Commissioner (A), Trade Tax, Kanpur
Tamil Nadu General Sales Tax Act & Central Sales Tax Act	Sales Tax	1.79	2003-04	Sales Tax Appellate Tribunal
Tamil Nadu General Sales Tax Act and Central Sales Tax Act	Sales Tax	19.24	2004-05	Commercial Tax Officer
Tamil Nadu General Sales Tax Act and Central Sales Tax Act	Sales Tax	24.25	2005-06	Commercial Tax Officer
The Central Sales Tax Act	Sales Tax	10.53	2005-06	Directorate of Commercial Taxes

Out of the total disputed dues aggregating ₹ 92.82 lakhs as above, ₹ 82.29 lakhs has been stayed for recovery by the relevant authorities.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) 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, transactions with the related parties are in compliance with Section 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) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 20109360AAAAAX1139

Place of Signature: Mumbai
Date: June 9, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF RUSSELL CREDIT 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 Russell Credit Limited ("the Company") as of March 31, 2020 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 (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, 2020, 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 Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 20109360AAAAAX1139

Place of Signature: Mumbai
Date: June 9, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

	Note		As at 31st March, 2020 (₹ in lakhs)		As at 31st March, 2019 (₹ in lakhs)
ASSETS					
1. Financial Assets					
a) Cash and cash equivalents	3	31.07		457.67	
b) Bank Balance other than (a) above	4	5.78		15.59	
c) Receivables	5				
(I) Trade Receivables		18.83		50.32	
(II) Other Receivables		1,757.32		1,096.21	
d) Loans	6	1,467.54		3,652.00	
e) Investments	7	63,784.77		87,472.71	
f) Other Financial assets	8	12,500.07	79,565.38	0.04	92,744.54
2. Non-financial Assets					
a) Current tax assets (Net)	9	120.90		142.66	
b) Property, Plant and Equipment	10	134.71		347.54	
c) Other non-financial assets	11	8.14	263.75	9.33	499.53
TOTAL ASSETS			**79,829.13**		**93,244.07**
LIABILITIES AND EQUITY					
LIABILITIES					
1. Financial Liabilities					
a) Other financial liabilities	12		56.27		47.60
2. Non-Financial Liabilities					
a) Provisions	13	126.73		121.25	
b) Deferred tax liabilities (Net)	14	367.38		285.98	
c) Other non-financial liabilities	15	22.76	516.87	23.01	430.24
EQUITY					
a) Equity Share capital	16	64,647.88		64,647.88	
b) Other Equity		14,608.11	79,255.99	28,118.35	92,766.23
TOTAL LIABILITIES AND EQUITY			**79,829.13**		**93,244.07**

The accompanying notes 1 to 23 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

Firoz Pradhan
Partner
Membership Number: 109360
Mumbai, 9th June, 2020

R. TANDON *Chairman*
SARADINDU DUTTA *Director*
S. SURESH KUMAR *Chief Financial Officer*
N. BAJAJ *Manager & Company Secretary*
Kolkata, 9th June, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

		Note	For the year ended 31st March, 2020 (₹ in lakhs)	For the year ended 31st March, 2019 (₹ in lakhs)
	Revenue from operations			
	(i) Interest Income	17 (A)	4,004.54	3,673.59
	(ii) Dividend Income		149.67	213.14
	(iii) Rental Income		212.13	284.34
	(iv) Fees and commission Income		781.58	632.86
	(v) Net gain on fair value changes	17 (B)	1,142.48	1,312.31
I	**Total Revenue from operations**		**6,290.40**	**6,116.24**
II	Other income	17 (C)	208.69	18.58
III	**Total Income (I+II)**		**6,499.09**	**6,134.82**
	Expenses			
	(i) Finance cost	18	-	11.34
	(ii) Employee Benefits expense	19	210.94	203.17
	(iii) Depreciation and amortization expense		265.83	111.13
	(iv) Other expenses	20	956.93	672.59
IV	**Total expenses (IV)**		**1,433.70**	**998.23**
V	**Profit before tax (III -IV)**		**5,065.39**	**5,136.59**
VI	**Tax expense:**			
	Current Tax	21	807.50	973.37
	Deferred Tax	21	82.53	379.54
VII	**Profit for the year(V-VI)**		**4,175.36**	**3,783.68**
VIII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss:			
	- Remeasurements of defined benefit plans	22(iv)	(4.49)	(2.08)
	- Equity instruments through other comprehensive income		(11,057.64)	2,760.04
	(ii) Income tax relating to items that will not be reclassified to profit or loss	21	1.13	0.73
	Other Comprehensive Income [(i)+(ii)]		**(11,061.00)**	**2,758.69**
IX	**Total Comprehensive Income for the year (VII+VIII)**		**(6,885.64)**	**6,542.37**
	Earnings per Share (Face Value ₹ 10.00 each) – Basic and Diluted (in ₹)	22(i)	0.65	0.59

The accompanying notes 1 to 23 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

Firoz Pradhan
Partner
Membership Number: 109360
Mumbai, 9th June, 2020

R. TANDON *Chairman*
SARADINDU DUTTA *Director*
S. SURESH KUMAR *Chief Financial Officer*
N. BAJAJ *Manager & Company Secretary*
Kolkata, 9th June, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

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, 2019	64,647.88	–	64,647.88
For the year ended 31st March, 2020	**64,647.88**	**–**	**64,647.88**

B. Other Equity

(₹ in lakhs)

	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, 2018	**12,769.28**	**287.67**	**235.95**	**3,422.55**	**4,860.53**	**21,575.98**
Profit for the year	–	–	–	3,783.68	–	3,783.68
Other Comprehensive Income for the year (net of tax)	–	–	–	(1.35)	2,760.04	2,758.69
Total Comprehensive Income for the year	–	–	–	**3,782.33**	**2,760.04**	**6,542.37**
Transfer from Retained earnings to Special Reserve	756.74	–	–	(756.74)	–	–
Balance as at 31st March, 2019	**13,526.02**	**287.67**	**235.95**	**6,448.14**	**7,620.57**	**28,118.35**
Profit for the year	–	–	–	4,175.36	–	4,175.36
Other Comprehensive Income for the year (net of tax)	–	–	–	(3.36)	(11,057.64)	(11,061.00)
Total Comprehensive Income for the year	**–**	**–**	**–**	**4,172.00**	**(11,057.64)**	**(6,885.64)**
Transfer from Retained earnings to Special Reserve	835.07	–	–	(835.07)	–	–
Interim Dividend Paid	–	–	–	(5,495.07)	–	(5,495.07)
Income tax on Interim Dividend	–	–	–	(1,129.53)	–	(1,129.53)
Balance as at 31st March, 2020	**14,361.09**	**287.67**	**235.95**	**3,160.47**	**(3,437.07)**	**14,608.11**

Special Reserve under Section 45-IC of the Reserve Bank of India (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 re-measurement 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 S R B C & CO LLP
Chartered Accountants
Firm Registration Number: 324982E/E300003

On behalf of the Board

Firoz Pradhan
Partner
Membership Number: 109360
Mumbai, 9th June, 2020

R. TANDON *Chairman*
SARADINDU DUTTA *Director*
S. SURESH KUMAR *Chief Financial Officer*
N. BAJAJ *Manager & Company Secretary*
Kolkata, 9th June, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

		For the year ended 31st March, 2020 (₹ in lakhs)		For the year ended 31st March, 2019 (₹ in lakhs)
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		5,065.39		5,136.59
ADJUSTMENTS FOR :				
Depreciation and amortization expenses	265.83		111.13	
Finance cost	–		11.34	
Interest Income from bank deposits	(0.48)		(3.58)	
Interest on Income Tax refund	(7.42)		–	
(Gain) / loss on disposal of property, plant and equipment	0.47		–	
Net Loss / (Gain) arising on investments mandatorily measured at fair value through profit and loss	(958.55)	(700.15)	(798.41)	(679.52)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**4,365.24**		**4,457.07**
ADJUSTMENTS FOR :				
(Increase)/decrease in trade and other receivables	(629.62)		22.44	
(Increase)/decrease in Investments	13,588.85		(4,338.99)	
(Increase)/decrease in Other Financial Assets	(12,500.00)		–	
(Increase)/decrease in Other Non-financial Assets	1.19		(0.03)	
(Increase)/decrease in loans and advances	2,184.46		1,216.00	
Increase/(decrease) in Other Financial Liabilities and provisions	9.40	2,654.28	(1.08)	(3,101.66)
CASH GENERATED FROM OPERATIONS		**7,019.52**		**1,355.41**
Income tax paid		(778.31)		(1,139.20)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**6,241.21**		**216.21**
B. Cash Flow from Investing Activities				
Purchase of property, plant and equipment	(62.22)		–	
Sale of property, plant and equipment	8.76		–	
Interest Income from bank deposits	0.44		4.08	
Investment in bank deposits (original maturity more than 3 months)	–		(2.88)	
Redemption / maturity of bank deposits (original maturity more than 3 months)	9.81		151.14	
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES		**(43.21)**		**152.34**
C. Cash Flow from Financing Activities				
Interim Dividend paid	(5,495.07)		–	
Income tax on Interim Dividend paid	(1,129.53)		–	
NET CASH USED IN FINANCING ACTIVITIES		**(6,624.60)**		–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(426.60)**		**368.55**
OPENING CASH AND CASH EQUIVALENTS		**457.67**		**89.12**
CLOSING CASH AND CASH EQUIVALENTS [Refer Note 3]		**31.07**		**457.67**

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.

For S R B C & CO LLP
Chartered Accountants
Firm Registration Number: 324982E/E300003

On behalf of the Board

Firoz Pradhan
Partner
Membership Number: 109360
Mumbai, 9th June, 2020

R. TANDON *Chairman*
SARADINDU DUTTA *Director*
S. SURESH KUMAR *Chief Financial Officer*
N. BAJAJ *Manager & Company Secretary*
Kolkata, 9th June, 2020

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 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.

Any sale out of amortised cost business model portfolios requires prior approval of the Board.

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 re-measurements 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 re-measured 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 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.

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 still unfolding 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, 2020 (₹ in lakhs)	As at 31st March, 2019 (₹ in lakhs)
3. Cash and cash equivalents@		
Cash on hand	0.05	0.01
Balances with banks		
Current accounts	20.69	457.66
Cheques, drafts on hand	10.33	–
TOTAL	**31.07**	**457.67**

@ 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.

4. Bank Balance other than Cash and cash equivalents		
Other bank balances *		
In Deposit accounts	5.78	15.59
TOTAL	**5.78**	**15.59**

* 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 (2019 - ₹ 5.78 lakhs).

5. Receivables (Unsecured, considered good)		
I. Trade Receivables	18.83	50.32
II. Other Receivables		
Interest accrued but not due#	1,736.32	1,059.21
Income accrued but not due	21.00	37.00
TOTAL	**1,776.15**	**1,146.53**

\# Includes an amount of ₹ 925.44 lakhs (2019 - ₹ 1,046.91 lakhs) on instruments which are measured at fair value through profit or loss.

	Amortised cost	Amortised cost
6. Loans		
Secured by tangible assets		
Current:		
(a) Term Loans to Related Party	247.54	1,216.00
Non-Current:		
(a) Term Loans to Related Party	1,220.00	2,436.00
Total - Gross	**1,467.54**	3,652.00
Less: Impairment loss allowance	–	–
Total - Net	**1,467.54**	**3,652**
(I) Loans in India		
(i) Public Sector	–	–
(ii) Others (Term Loans to Related Party & Others)	1,467.54	3,652.00
Total - Gross	**1,467.54**	**3.652.00**
Less: Impairment loss allowance	–	–
Total - Net	**1,467.54**	**3,652.00**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2020 (₹ in lakhs)											
	Amortised cost		At Fair Value						Others *		Total	
			Through Other Comprehensive Income		Through profit or loss		Sub-Total					
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
	(1)		(2)		(3)		(4)=(2)+(3)		(5)		(6)=(1) + (4)+(5)	
7. Investments												
Current Investments												
Mutual funds												
Aditya Birla Sun Life Savings Fund 15,43,944 units of ₹ 100.00 each	-	-	-	-	-	6,188.58	-	6,188.58	-	-	-	6,188.58
Axis Liquid Fund 28,015 (2019 -NIL) units of ₹ 1000.00 each	-	-	-	-	-	614.70	-	614.70	-	-	-	614.70
ICICI Prudential Savings Fund 2,15,192 units of ₹ 100.00 each	-	-	-	-	-	840.04	-	840.04	-	-	-	840.04
SBI Savings Fund 31,88,615 (2019 - Nil) units of ₹ 10.00 each	-	-	-	-	-	1,032.06	-	1,032.06	-	-	-	1,032.06
Kotak Savings Fund 2,50,11,498 (2019 - 1,87,64,836) units of ₹ 10.00 each	-	-	-	-	-	8,217.20	-	8,217.20	-	-	-	8,217.20
Kotak Liquid Plan Nil (2019 - 58,362) units of ₹ 1000.00 each	-	-	-	-	-	-	-	-	-	-	-	-
Certificate of Deposit												
Kotak Mahindra Bank Limited Nil (2019 - 8,997) Certificate of Deposit (27 December 2019) of ₹ 100000.00 each, fully paid	-	-	-	-	-	-	-	-	-	-	-	-
Bonds / Debentures												
A. Taxable												
Canfin Homes Limited 500, 7.57% Secured Redeemable Non-Convertible Debentures (12 April 2020) of ₹ 1000000.00 each, fully paid	-	-	-	-	5,001.99	-	5,001.99	-	-	-	5,001.99	-
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	-	-	-	-	3,418.76	-	3,418.76	-	-	-	3,418.76	-
Housing & Urban Development Corporation Limited NIL (2019 - 500) 7.70% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series F (19 March 2020) of ₹ 1000000.00 each, fully paid	-	-	-	-	-	-	-	-	-	-	-	-
PNB Housing Finance Limited Nil (2019 - 150) 7.46% Non-Convertible Non-Cumulative Taxable Bonds in the nature of Promissory Note Series XXXI (30 April 2020) of ₹ 1000000.00 each, fully paid	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	1,532.55	-	1,532.55	-	-	-	1,532.55	–
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	-	-	-	-	15,156.93	-	15,156.93	-	-	-	15,156.93	–
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	-	-	-	-	919.07	-	919.07	-	-	-	919.07	-
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	-	-	-	-	1,176.36	-	1,176.36	-	-	-	1,176.36	–
National Housing Bank 5,000, 6.82% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds (26 March 2023) of ₹ 10000.00 each, fully paid	-	-	-	-	506.57	-	506.57	-	-	-	506.57	–
REC Limited (Formerly Rural Electrification Corporation 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	-	-	-	-	653.23	-	653.23	-	-	-	653.23	–
Carried over	-	-	-	-	28,365.46	16,892.58	28,365.46	16,892.58	-	-	28,365.46	16,892.58

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March, 2019 (₹ in lakhs)											
Amortised cost		At Fair Value						Others *		Total	
		Through Other Comprehensive Income		Through profit or loss		Sub-Total					
Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
(7)		(8)		(9)		(10)=(8)+(9)		(11)		(12)=(7)+(10)+(11)	
-	-	-	-	-	5,739.74	-	5,739.74	-	-	-	5,739.74
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	777.21	-	777.21	-	-	-	777.21
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	5,733.15	-	5,733.15	-	-	-	5,733.15
-	-	-	-	-	2,201.81	-	2,201.81	-	-	-	2,201.81
-	-	-	-	-	8,531.86	-	8,531.86	-	-	-	8,531.86
-	-	-	-	4,960.02	-	4,960.02	-	-	-	4,960.02	-
-	-	-	-	3,442.47	-	3,442.47	-	-	-	3,442.47	-
-	-	-	-	5,010.49	-	5,010.49	-	-	-	5,010.49	-
-	-	-	-	1,466.44	-	1,466.44	-	-	-	1,466.44	-
-	-	-	-	1,543.04	-	1,543.04	-	-	-	1,543.04	-
-	-	-	-	15,205.99	-	15,205.99	-	-	-	15,205.99	-
-	-	-	-	928.33	-	928.33	-	-	-	928.33	-
-	-	-	-	1,187.58	-	1,187.58	-	-	-	1,187.58	-
-	-	-	-	508.57	-	508.57	-	-	-	508.57	-
-	-	-	-	659.10	-	659.10	-	-	-	659.10	-
-	-	-	-	34,912.03	22,983.77	34,912.03	22,983.77	-	-	34,912.03	22,983.77

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2020 (₹ in lakhs)											
	Amortised cost		At Fair Value						Others *		Total	
			Through Other Comprehensive Income		Through profit or loss		Sub-Total					
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
	(1)		(2)		(3)		(4)=(2)+(3)		(5)		(6)=(1) + (4)+(5)	
7. Investments (contd.)												
Brought forward	-	-	-	-	28,365.46	16,892.58	28,365.46	16,892.58	-	-	28,365.46	16,892.58
Equity Shares												
Others												
UltraTech Cement Limited 3 Equity Shares of ₹ 10.00 each, fully paid	-	-	-	-	0.10	-	0.10	-	-	-	0.10	-
SKH Metals Limited 1 Equity Shares of ₹ 1.00 each, fully paid"	-	-	-	-	-	...	-	...	-	-	-	...
Patheja Brothers Forgings and Stampings Limited 1 Equity Shares of ₹ 1.00 each, fully paid"	-	-	-	-	-	...	-	...	-	-	-	...
Jind Textiles Limited 1 Equity Shares of ₹ 1.00 each, fully paid	-	-	-	-	-	...	-	...	-	-	-	...
Taib Capital Corporation Limited 1 Equity Shares of ₹ 1.00 each, fully paid	-	-	-	-	-	...	-	...	-	-	-	...
Current Portion of Non- Current Investment												
Bonds / Debentures												
Taxable												
REC Limited (Formerly Rural Electrification Corporation Limited) 500, 8.37% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 134 (14 August 2020) of ₹ 1000000.00 each, fully paid	4,997.92	-	-	-	-	-	-	-	-	-	4,997.92	-
Non-Current Investment												
Equity instruments												
Subsidiaries												
Greenacre Holdings Limited 4,20,60,166 Equity Shares of ₹ 10.00 each, fully paid	-	-	-	-	-	-	-	-	-	4,210.34	-	4,210.34
Associates												
Russell Investments Limited 42,75,435 Equity Shares of ₹ 10.00 each, fully paid	-	-	-	-	-	-	-	-	-	427.57	-	427.57
Divya Management Limited 41,82,915 Equity Shares of ₹ 10.00 each, fully paid	-	-	-	-	-	-	-	-	-	693.08	-	693.08
Antrang Finance Limited 43,24,634 Equity Shares of ₹ 10.00 each, fully paid	-	-	-	-	-	-	-	-	-	439.56	-	439.56
International Travel House Limited 36,26,633 Equity Shares of ₹ 10.00 each, fully paid	-	-	-	-	-	-	-	-	2,121.58	-	2,121.58	-
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
Others												
HLV Limited (Formerly Hotel Leelaventure Limited) 50,27,565 Equity Shares of ₹ 2.00 each, fully paid	-	-	158.37	-	-	-	158.37	-	-	-	158.37	-
EIH Limited 65,56,551 Equity Shares of ₹ 2.00 each, fully paid	-	-	4,314.21	-	-	-	4,314.21	-	-	-	4,314.21	-
Lotus Court Limited 2 Class G Shares of ₹ 48,000.00 each, fully paid	-	-	-	234.00	-	-	-	234.00	-	-	-	234.00
Adyar Property Holding Company Private Limited 311 Equity Shares of ₹ 100.00 each, ₹ 65.00 per share paid,	-	-	-	840.00	-	-	-	840.00	-	-	-	840.00
Total – Gross (A)	**4,997.92**	**-**	**4,472.58**	**1,074.00**	**28,365.56**	**16,892.58**	**32,838.14**	**17,966.58**	**2,121.58**	**5,860.55**	**39,957.64**	**23,827.13**
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	4,997.92	-	4,472.58	1,074.00	28,365.56	16,892.58	32,838.14	17,966.58	2,121.58	5,860.55	39,957.64	23,827.13
Total (B)	**4,997.92**	**-**	**4,472.58**	**1,074.00**	**28,365.56**	**16,892.58**	**32,838.14**	**17,966.58**	**2,121.58**	**5,860.55**	**39,957.64**	**23,827.13**
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-	-	-	-	-	-	-
Total – Net D= (A)-(C)	**4,997.92**	**-**	**4,472.58**	**1,074.00**	**28,365.56**	**16,892.58**	**32,838.14**	**28,365.56**	**2,121.58**	**5,860.55**	**39,957.64**	**23,827.13**

* 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, 2019 (₹ in lakhs)											
Amortised cost		At Fair Value						Others *		Total	
		Through Other Comprehensive Income		Through profit or loss		Sub-Total					
Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
(7)		(8)		(9)		(10)=(8)+(9)		(11)		(12)=(7)+(10)+(11)	
-	-	-	-	34,912.03	22,983.77	34,912.03	22,983.77	-	-	34,912.03	22,983.77
-	-	-	-	0.12	-	0.12	-	-	-	0.12	-
-	-	-	-	-	...	-	-	-	-	-	...
-	-	-	-	-	...	-	-	...	-	-	...
-	-	-	-	-	...	-	-	...	-	-	...
-	-	-	-	-	...	-	-	...	-	-	...
4,990.44	-	-	-	-	-	-	-	-	-	4,990.44	-
-	-	-	-	-	-	-	-	-	4,210.34	-	4,210.34
-	-	-	-	-	-	-	-	-	427.57	-	427.57
-	-	-	-	-	-	-	-	-	693.08	-	693.08
-	-	-	-	-	-	-	-	-	439.56	-	439.56
-	-	-	-	-	-	-	-	2,121.58	-	2,121.58	-
-	-	-	-	-	-	-	-	-	90.00	-	90.00
-	-	548.00	-	-	-	548.00	-	-	-	548.00	-
-	-	13,503.22	-	-	-	13,503.22	-	-	-	13,503.22	-
-	-	-	234.00	-	-	-	234.00	-	-	-	234.00
-	-	-	2,319.00	-	-	-	2,319.00	-	-	-	2,319.00
4,990.44	**-**	**14,051.22**	**2,553.00**	**34,912.15**	**22,983.77**	**48,963.37**	**25,536.77**	**2,121.58**	**5,860.55**	**56,075.39**	**31,397.32**
-	-	-	-	-	-	-	-	-	-	-	-
4,990.44	-	14,051.22	2,553.00	34,912.15	22,983.77	48,963.37	25,536.77	2,121.58	5,860.55	56,075.39	31,397.32
4,990.44	-	**14,051.22**	**2,553.00**	**34,912.15**	**22,983.77**	**48,963.37**	**25,536.77**	**2,121.58**	**5,860.55**	**56,075.39**	**31,397.32**
-	-	-	-	-	-	-	-	-	-	-	-
4,990.44	**-**	**14,051.22**	**2,553.00**	**34,912.15**	**22,983.77**	**48,963.37**	**25,536.77**	**2,121.58**	**5,860.55**	**56,075.39**	**31,397.32**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2020 (₹ in lakhs)	As at 31st March, 2019 (₹ in lakhs)
8. Other financial assets		
Current		
Deposits	12,500.00	–
Interest accrued on bank deposits	0.07	0.04
TOTAL	**12,500.07**	**0.04**

9. Current tax assets (Net)		
Advance Tax (net of provisions)	120.90	142.66
TOTAL	**120.90**	**142.66**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

10. Property, Plant and Equipment

Particulars	Gross Block							Depreciation							Net Book Value	
	As at 1st April, 2018	Additions	Withdrawals and adjustments	As at 31st March, 2019	Additions	Withdrawals and adjustments	As at 31st March, 2020	Upto 1st April, 2018	For the year ended 31st March, 2019	On Withdrawals and adjustments	Upto 31st March, 2019	For the year ended 31st March, 2020	On Withdrawals and adjustments	Upto 31st March,2020	As at 31st March, 2020	As at 31st March, 2019
Tangible assets																
Building																
– Freehold	39.25	–	–	39.25	62.22	–	101.47	0.90	0.90	–	1.80	1.13	–	2.93	98.54	37.45
Plant and Equipment	530.55	–	–	530.55	–	86.79	443.76	110.23	110.23	–	220.46	264.70	77.57	407.59	36.17	310.09
TOTAL	**569.80**	–	–	**569.80**	**62.22**	**86.79**	**545.23**	**111.13**	**111.13**	–	**222.26**	**265.83**	**77.57**	**410.52**	**134.71**	**347.54**

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

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	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	2.70	36.55	0.90	39.25	1.80	37.45	0.90
Plant and Equipment *	-	-	-	-	530.38	220.43	309.95	110.22
TOTAL	**39.25**	**2.70**	**36.55**	**0.90**	**569.63**	**222.23**	**347.40**	**111.12**

* Note: The lease rental from these leased assets of ₹ 172.52 lakhs (2019 - ₹ 244.74 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, 2020 (₹ in lakhs)	As at 31st March, 2019 (₹ in lakhs)
11. Other non-financial assets		
Unsecured, considered good		
Current		
Deposits with statutory authorities	0.21	0.21
Security Deposits (Others)	0.37	1.87
Prepaid Expenses	0.31	-
Others	0.13	0.13
Non-Current		
Deposits with statutory authorities	7.12	7.12
TOTAL	**8.14**	**9.33**
12. Other financial liabilities		
Current		
Other Payables to related party [Refer Note 22 {vii (b)}]	34.22	-
Other payables - Liabilities for expenses	8.93	7.38
Non- Current		
Other payable to Related Party [Refer Note 22 {vii (b)}]	13.12	40.22
TOTAL	**56.27**	**47.60**
13. Provisions		
Current		
Others		
Provision for litigation/disputes [Refer Note 22 (viii)]	81.24	81.24
Non-Current		
Provision for employee benefits [Refer Note 22 (iv)]		
Other Benefits	10.07	8.65
Retirement benefits	6.37	2.31
Others		
Contingent provision against standard assets	29.05	29.05
TOTAL	**126.73**	**121.25**
14. Deferred tax liabilities (Net)		
Deferred tax liabilities	490.73	393.76
Less : Deferred tax assets	123.35	107.78
TOTAL	**367.38**	**285.98**

Movement in Deferred tax liabilities / (assets) balances (₹ in lakhs)

2019-20	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.	104.56	15.49	–	120.05
On employees separation and retirement, etc.	2.35	(0.18)	1.13	3.30
Other timing differences	0.87	(0.87)	–	–
Total deferred tax assets	**107.78**	**14.44**	**1.13**	**123.35**
On current investments - FVTPL	393.76	96.97	–	490.73
Total deferred tax liabilities	**393.76**	**96.97**	–	**490.73**
Deferred tax liabilities / (assets) (Net)	**285.98**	**82.53**	**(1.13)**	**367.38**

2018-19	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.	101.88	2.68	–	104.56
On employees separation and retirement, etc.	3.09	(1.47)	0.73	2.35
Other timing differences	1.74	(0.87)	–	0.87
Total deferred tax assets	**106.71**	**0.34**	**0.73**	**107.78**
On current investments - FVTPL	13.88	379.88	–	393.76
Total deferred tax liabilities	**13.88**	**379.88**	–	**393.76**
Deferred tax liabilities / (assets) (Net)	**(92.83)**	**379.54**	**(0.73)**	**285.98**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2020 (₹ in lakhs)	As at 31st March, 2019 (₹ in lakhs)
15. Other non-financial liabilities		
Current		
Statutory liabilities	22.76	23.01
TOTAL	**22.76**	**23.01**

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹ in lakhs)	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹ in lakhs)
16. Equity Share capital				
Authorised				
Equity Shares of ₹ 10.00 each	70,00,00,000	70,000.00	70,00,00,000	70,000.00
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	59,74,54,177	59,745.42	59,74,54,177	59,745.42
Equity Shares of ₹ 10.00 each, ₹ 6.50 per share paid up	7,54,22,400	4,902.46	7,54,22,400	4,902.46
TOTAL		**64,647.88**		**64,647.88**
A) Reconciliation of number of Equity Shares outstanding				
As at the beginning and at the end of the year (fully paid up)	59,74,54,177	59,745.42	59,74,54,177	59,745.42
As at the beginning and at the end of the year (partly paid up)	7,54,22,400	4,902.46	7,54,22,400	4,902.46
TOTAL		**64,647.88**		**64,647.88**

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

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 %	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %
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, 2020

	As at 31st March, 2020 (Aggregate no. of Shares)	As at 31st March, 2019 (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.

	For the year ended 31st March, 2020 (₹ in lakhs)		For the year ended 31st March, 2019 (₹ 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	218.30	–	496.11	–
Interest on deposits with Financial Institution	688.52	–	–	–
Interest income from investments	426.80	2,670.92	3.51	3,173.97
TOTAL	**1,333.62**	**2,670.92**	**499.62**	**3,173.97**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2020 (₹ in lakhs)	For the year ended 31st March, 2019 (₹ in lakhs)
17(B). Net gain / (loss) on fair value changes		
On Financial Instruments measured at fair value through profit or loss	1,142.48	1,312.31
Total Net gain / (loss) on fair value changes	**1,142.48**	**1,312.31**
Fair Value changes:		
- Realised	183.93	513.89
- Unrealised	958.55	798.42
Total Net gain / (loss) on fair value changes	**1,142.48**	**1,312.31**
17(C). Other Income		
Interest on deposits with banks	0.48	3.58
Interest income		
- Others (from statutory authorities)	7.42	–
Recovery of Debts	200.00	15.00
Other non-operating income	0.79	–
TOTAL	**208.69**	**18.58**

	For the year ended 31st March, 2020 (₹ in Lakhs)		For the year ended 31st March, 2019 (₹ 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 cost				
Interest on income tax	–	–	–	11.34
TOTAL	–	–	–	**11.34**

	For the year ended 31st March, 2020 (₹ in lakhs)	For the year ended 31st March, 2019 (₹ in lakhs)
19. Employee Benefits expense		
Salaries and wages	58.09	64.38
Contribution to provident and other funds	3.86	3.92
Share Based Payments to employees on deputation$	11.63	39.94
Staff welfare expenses	3.47	3.40
Remuneration of managers' salary on deputation	133.89	91.53
TOTAL	**210.94**	**203.17**

$ Includes reimbursement on account of share based payments as under :
- ITC - Employee Stock Option Scheme (ESOS) : ₹ 14.73 lakhs (2019 : ₹ 35.72 lakhs)
- ITC - Employee Stock Appreciation Linked Reward (ESAR) Plan ₹ (3.10) lakhs (2019 : ₹ 4.22 lakhs) [Refer Note 22(ix)]

20. Other expenses		
Rent, taxes and energy costs	21.87	15.77
Communication Costs	0.39	0.32
Printing and stationery	1.04	1.43
Auditor's fees and expenses *	8.30	4.80
Legal and Professional charges	57.07	17.47
Insurance	0.68	1.63
Bank, custodial and depository charges	0.33	0.17
Travelling and conveyance	2.19	1.53
Expenditure on Corporate Social Responsibility (CSR) activities	112.00	125.00
Loss on disposal of property, plant and equipment	0.47	–
Contributions under Section 182 of the Companies Act, 2013	500.00	500.00
Contributions under Section 181 of the Companies Act, 2013	250.00	–
Other expenditure	2.59	4.47
TOTAL	**956.93**	672.59
*Auditor's fees and expenses excluding taxes:		
Audit fees	3.00	3.00
Tax audit fees	1.00	1.00
Fees for other services	4.30	0.80

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2020 (₹ in lakhs)	For the year ended 31st March, 2019 (₹ in lakhs)
21. Income Tax Expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	807.50	1,000.00
Adjustments / (credits) related to previous years - Net	–	(26.63)
Total current tax	**807.50**	**973.37**
Deferred tax		
Deferred tax for the year	82.53	379.54
Total deferred tax	**82.53**	**379.54**
TOTAL	**890.03**	**1,352.91**

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 - Re-measurement gains/(losses) on defined benefit plans	1.13	0.73
TOTAL	**1.13**	**0.73**

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	**5,065.39**	**5,136.59**
Income tax expense calculated @ 25.168% (2019 - 34.944%)	1,274.86	1,794.93
Effect of tax relating to uncertain tax positions	74.68	85.95
Effect on deferred tax balances due to the change in income tax rate	(80.01)	–
Effect of income not taxable	(447.98)	(573.50)
Other differences	68.48	72.16
Total	**890.03**	**1,379.54**
Adjustments recognised in the current year in relation to the current tax of prior years	–	(26.63)
Income tax recognised in profit or loss	**890.03**	**1,352.91**

The tax rate used for the year 2019-20 and 2018-19 reconciliations above is the corporate tax rate of
- 25.168% (22% + surcharge @ 10% and cess @ 4%) in 2019-20 and
- 34.944% (30% + surcharge @ 12% and cess @ 4%) in 2018-19
payable on taxable profits under the Income Tax Act, 1961.

22. Additional Notes to the Financial Statements

(i) Earnings per share :

		2020	2019
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in lakhs)	4,175.36	3783.68
(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)]	0.65	0.59

(ii) Contingent liabilities and commitments :

a. Claims against the Company not acknowledged as debts ₹ 90.32 lakhs (2019 - ₹ 90.32 lakhs). This comprises the following :

- Sales tax claims disputed by the Company relating to issues of applicability ₹ 57.99 lakhs (2019 - ₹ 57.99 lakhs);
- Lease tax on account of non-accrual of lease rental ₹ 32.33 lakhs (2019 - ₹ 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 (2019 - ₹ 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 of 5 years. The lease is recognised as short-term leases. The total cash outflow for such leases for the year is ₹ 11.34 lakhs.

As a Lessor

The Company has leased out certain buildings and plant & equipment under operating lease for lease terms ranging from 2 years to 8 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 ₹ 212.13 lakhs. The Company does not have any risk relating to recovery of residual value of investment property at the end of leases considering the business requirements and other alternatives.

The undiscounted minimum lease payments receivable on these leases are as follows:

Term	Lease Payments (₹ in lakhs)
Within 1 year	60.84
Between 1-5 years	87.12
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, 2020 (₹ in lakhs)		For the year ended 31st March, 2019 (₹ 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	1.13	0.54	1.11	0.58
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	0.13	0.64	0.02	0.65
	4	**Total expense recognised in the Statement of Profit and Loss**	**1.26**	**1.18**	**1.13**	**1.23**
	– Re-measurements recognised in Other Comprehensive Income (OCI)					
	5	Return on plan assets (excluding amounts included in Net interest cost)	0.98	–	(0.66)	–
	6	Effect of changes in demographic assumptions	–	–	–	–
	7	Effect of changes in financial assumptions	1.46	0.84	–	–
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–
	9	Effect of experience adjustments	1.67	(0.46)	1.43	1.31
	10	**Total re-measurements included in Other Comprehensive Income**	**4.11**	**0.38**	**0.77**	**1.31**
	11	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)**	**5.37**	**1.56**	**1.90**	**2.54**
	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 re-measurements of the net defined benefit liability are included in Other Comprehensive Income.					

			For the year ended 31st March, 2020 (₹ in lakhs)		For the year ended 31st March, 2019 (₹ in lakhs)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
II	**Actual Returns**		(0.11)	–	1.60	–
III	**Net Asset/(Liability) recognised in Balance Sheet**					
	1	Present Value of Defined Benefit Obligation	18.57	10.07	13.31	8.65
	2	Fair Value of Plan Assets	12.20	–	11.00	–
	3	Status [Surplus/(Deficit)]	(6.37)	(10.07)	(2.31)	(8.65)
	4	Restrictions on Asset Recognised	–	–	–	–

	5	**Net Asset/(Liability) recognised in Balance Sheet**	**As at 31st March, 2020**		As at 31st March, 2019	
			Current	Non-current	Current	Non-current
		- Gratuity	–	(6.37)	–	(2.31)
		- Leave Encashment	–	(10.07)	–	(8.65)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2020 (₹ in lakhs)		For the year ended 31st March, 2019 (₹ 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	13.31	8.65	15.79	11.27
	2	Current Service Cost	1.13	0.54	1.11	0.58
	3	Past service Cost	–	–	–	–
	4	Interest Cost	1.00	0.64	0.96	0.65
	5	Re-measurement gains / (losses):				
		a. Effect of changes in demographic assumptions	–	–	–	–
		b. Effect of changes in financial assumptions	1.46	0.84	–	–
		c. Changes in asset ceiling (excluding interest income)	–	–	–	–
		d. Effect of experience adjustments	1.67	(0.46)	1.43	1.31
	6	Curtailment Cost / (Credit)	–	–	–	–
	7	Settlement Cost / (Credit)	–	–	–	–
	8	Liabilities assumed in business combination	–	–	–	–
	9	Exchange difference on foreign plans	–	–	–	–
	10	Benefits Paid	–	(0.14)	(5.98)	(5.16)
	11	**Present Value of DBO at the end of the year**	**18.57**	**10.07**	**13.31**	**8.65**

V		**Best Estimate of Employers' Expected Contribution for the next year**	As at 31st March, 2020	As at 31st March, 2019
		- Gratuity	0.36	0.29
		- Leave Encashment	–	–

			For the year ended 31st March, 2020 (₹ in lakhs))		For the year ended 31st March, 2019 (₹ 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	11.00	–	14.00	–
	2	Asset acquired in Business Combination	-	–	–	–
	3	Interest Income	0.87	–	0.94	–
	4	Re-measurement Gains/(Losses) on plan assets	(0.98)	–	0.66	–
	5	Actual Company Contributions	1.31	–	1.38	–
	6	Benefits Paid	–	–	(5.98)	–
	7	**Plan Assets at the end of the year**	**12.20**	-	**11.00**	–

VII	**Actuarial Assumptions**		As at 31st March, 2020	As at 31st March, 2019
			Discount Rate (%)	Discount Rate (%)
	1	Gratuity	6.25	7.50
	2	Leave Encashment	6.25	7.50
	The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.			

VIII	**Major Category of Plan Assets as a % of the Total Plan Assets**		As at 31st March, 2020	As at 31st March, 2019
	1	Government Securities/Special Deposit with RBI	6.43%	6.43%
	2	High Quality Corporate Bonds	2.71%	2.91%
	3	Insurer Managed Funds*	83.17%	81.43%
	4	Mutual Funds	1.85%	2.62%
	5	Cash and Cash Equivalents	5.84%	6.61%
	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, 2020 ₹ in lakhs)		For the year ended 31st March, 2019 (₹ 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	18.57	10.07	13.31	8.65
	2	Fair Value of Plan Assets	12.20	–	11.00	–
	3	Status [Surplus/(Deficit)]	(6.37)	(10.07)	(2.31)	(8.65)
	4	Experience Adjustment of Plan Assets [Gain/ (Loss)]	(0.98)	–	0.66	–
	5	Experience Adjustment of obligation [(Gain)/ Loss]	1.67	(0.46)	1.43	1.31

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, 2020		DBO as at 31st March, 2019	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Discount Rate + 100 basis points	17.46	9.43	12.55	8.15
2	Discount Rate - 100 basis points	19.80	10.79	14.15	9.22
3	Salary Increase Rate + 1%	19.71	10.74	14.09	9.18
4	Salary Increase Rate – 1%	17.52	9.46	12.59	8.17

Maturity Analysis of the Benefit Payments (₹ in lakhs)

		DBO as at 31st March, 2020		DBO as at 31st March, 2019	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Year 1	–	–	–	–
2	Year 2	6.73	3.41	–	–
3	Year 3	–	–	6.36	3.38
4	Year 4	6.11	3.61	–	–
5	Year 5	–	–	5.83	3.48
6	Next 5 Years	8.38	4.44	8.89	2.75

Amount towards Defined Contribution Plans have been recognised under 'Contribution to provident and other funds' in Note 19: ₹ 2.60 lakhs (2019- ₹ 2.79 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, 2020. 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)

	2020	2019
Non-current assets (in India)	141.82	354.66

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

(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. Saradindu Dutta	Non-Executive Director
– Mr. Supratim Dutta	Non-Executive Director
– Ms. S. G. Mukherjee	Non-Executive Director
– Mr. R. K. Singhi	Non-Executive Director
– Mr. S. Suresh Kumar	Chief Financial Officer
– Mr. K. S. Madia	Manager & Company Secretary (upto 30.09.2019)
– Ms. N. Bajaj	Manager & Company Secretary (w.e.f. 01.10.2019)

(b) **DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31.03.2020**

(₹ in lakhs)

	RELATED PARTY TRANSACTION SUMMARY	Holding Company		Subsidiary Company		Fellow Subsidiaries		Associate of Holding Company		Key Management Personnel		Total	
		2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
1.	Rent Received	56.88	56.88	–	–	–	–	–	–	–	–	56.88	56.88
2.	Purchase of Services												
	– ITC Limited	0.96	1.00	–	–	–	–	–	–	–	–	0.96	1.00
	– International Travel House Limited	–	–	–	–	–	–	1.63	0.34	–	–	1,63	0.34
3.	Rent Paid	11.34	7.69	–	–	–	–	–	–	–	–	11.34	7.69
4.	Expenses Reimbursed	2.43	2.60	–	–	–	–	–	–	–	–	2.43	2.60
5.	Dividend Income – International Travel House Limited	–	–	–	–	–	–	90.67	154.13	–	–	90.67	154.13
6.	Interest Income - North East Nutrients Private Limited	–	–	–	–	218.30	496.11	–	–	–	–	218.30	496.11
7.	Receipt towards Loan Repayment – North East Nutrients Private Limited	–	–	–	–	2,184.46	1,216.00	–	–	–	–	2,184.46	1,216.00
8.	Dividends Paid	5,495.07	–	–	–	–	–	–	–	–	–	5,495.07	–
9.	Remuneration of manager on deputation reimbursed -for Chief Financial Officer	87.88	71.61	–	–	–	–	–	–	–	–	87.88	71.61
10.	Remuneration of managers on deputation reimbursed -for Manager & Company Secretary												
	Ms. N. Bajaj	21.99	–	–	–	–	–	–	–	–	–	21.99	–
	Mr. K. S. Madia	24.02	19.92	–	–	–	–	–	–	–	–	24.02	19.92
11.	Remuneration of Key Management Personnel - for Manager & Company Secretary Mr. T. K. Ghosal	–	–	–	–	–	–	–	–	–	10.44	–	10.44
12.	Remuneration on account of share based payment for managers on deputation	11.63	39.94	–	–	–	–	–	–	–	–	11.63	39.94
13.	**Outstanding Balances** i) Deposits Taken - ITC Limited	36.00	36.00	–	–	–	–	–	–	–	–	36.00	36.00
	ii) Loans given - North East Nutrients Private Limited	–	–	–	–	1,467.54	3,652.00	–	–	–	–	1,467.54	3,652.00
	iii) Payables - ITC Limited	11.34	4.22	–	–	–	–	–	–	–	–	11.34	4.22

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(viii) Provision for litigation/disputes:

(₹ in lakhs)

	2020	2019
Balance as at the beginning of the year	81.24	81.24
Additions during the year	–	–
Balance as at the end of the year	81.24	81.24
Classified as provision (Current) (Refer Note 13)	81.24	81.24

(ix) The Chief Financial Officer and the Manager & Company Secretary of the Company on deputation from ITC Limited (ITC) has been granted Stock Options by ITC in earlier year(s) under the ITC Employee Stock Option Schemes (ITC ESOS). ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the eligible manager 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 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 employees on-charge by ITC. Accordingly, an amount of ₹ 14.73 lakhs (2019 – ₹ 35.72 lakhs) towards Stock Options and (₹ 3.10) lakhs (2019 - ₹ 4.22 lakhs) towards ESAR Units have been recognized as employee benefits expense (Refer Note 19). The net liability of ₹ 1.12 lakhs on account of ESAR Units is presented 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, 2020	As at 31st March, 2019
	No. of Options	No. of Options
Outstanding at the beginning of the year	54,068	58,856
Add: Granted during the year	–	–
Add / (Less): Movement due to transfer of employees within the group	–	–
(Less) : Exercised during the year	(7,980)	(4,788)
Outstanding at the end of the year	**46,088**	**54,068**
Options exercisable at the end of the year	42,736	44,850

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 tradable, 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 classifi-cation as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowance (Provision) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provision and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,543.93	29.05*	1,514.88	6.18	22.87
	Stage 2	–	–	–	–	–
Subtotal		**1,543.93**	**29.05**	**1,514.88**	**6.18**	**22.87**
Non-Performing Assets (NPA)						
Substandard	Stage 3	–	–	–	–	–
Doubtful - up to 1 year	Stage 3	–	–	–	–	–
1 to 3 years	Stage 3	–	–	–	–	–
More than 3 years	Stage 3	–	–	–	–	–
Subtotal for doubtful		–	–	–	–	–
Loss	Stage 3	–	–	–	–	–
Subtotal for NPA		–	–	–	–	–
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current IRACP norms	Stage 1	–	–	–	–	–
	Stage 2	–	–	–	–	–
	Stage 3	–	–	–	–	–
Subtotal		–	–	–	–	–
Total	**Stage 1**	1,543.93	29.05	1,514.88	6.18	22.87
	Stage 2	–	–	–	–	–
	Stage 3	–	–	–	–	–
	Total	**1,543.93**	**29.05**	**1,514.88**	**6.18**	**22.87**

* 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		2020	2019
i)	CRAR (%)	99.08	99.80
ii)	CRAR - Tier I Capital (%)	99.04	99.76
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			2020	2019
(1)	Value of Investments			
	(i)	Gross Value of Investments		
		(a) In India	63,784.77	87,472.71
		(b) Outside India	–	–
	(ii)	Provisions for Depreciation		
		(a) In India	–	–
		(b) Outside India	–	–
	(iii)	Net Value of Investments		
		(a) In India	63,784.77	87,472.71
		(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) Disclosures relating to securitisation:

i. Outstanding amount of securitised assets : Nil

ii. Details of financial assets sold to securitization / reconstruction companies for asset reconstruction : Nil

iii. Details of assignment transactions undertaken : Nil

iv. Details of non-performing financial assets purchased / sold : Nil

e) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities: (₹ in lakhs)

	0 to 7 Days	8 to 14 Days	15 Days & upto 1 month	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits - Fixed Deposits with Banks - Others	 – –	 – –	 – –	 – –	 – –	 – 12,500.00	 5.78 –	 – –	 – –	 – –	 5.78 12,500.00
Advances/ Loans	–	–	–	–	–	–	247.54	1,220.00	–	–	1467.54
Investments	45,258.15	–	–	–	–	4,997.92	–	–	–	13,528.70	63,784.77
Borrowings	–	–	–	–	–	–	–	–	–	–	–
Foreign Currency assets	–	–	–	–	–	–	–	–	–	–	–
Foreign Currency liabilities	–	–	–	–	–	–	–	–	–	–	–

f) 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 responsibilities 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 risk 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: 0.18%

b. Short-Term Liabilities as a % of Total Liabilities: 25.67%

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

g) Exposure to Real Estate Sector : Nil

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

Particulars		2020	2019
(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;	6,594.26	16,172.92
(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		**6,594.26**	**16,172.92**

** Only quoted equity investments considered.*

i) Details of financing of parent company products : Nil

j) Details of Single Borrower Limit / Group Borrower Limit exceeded by the Company : Nil

k) Unsecured Advances / Loans as on 31st March, 2020 : Nil

l) Registration obtained from other financial sector regulators : None

m) Penalties imposed by RBI and other regulators : Nil

n) Area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries : None

o) 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.

p) Ratings assigned by credit rating agencies and migration of ratings during the year : None

q) Pecuniary relationship or transaction with Non-Executive Directors : None

r) Provisions and Contingencies : (₹ in lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss		2020	2019
Provisions for Depreciation on Investment		–	–
Provision towards NPA		–	–
Provision made towards Income tax (including deferred tax)		890.03	1,352.91
Other Provision and Contingencies (with details)			
A	Provision for compensated absences	1.18	1.23
B	Provision for gratuity	1.26	1.13
Provision for Standard Assets		29.05	29.05

s) Draw Down from Reserves : Nil

t) Concentration of Deposits : Not Applicable

u) Concentration of Advances and Exposures : (₹ in lakhs)

Borrower	As at 31st March, 2020			As at 31st March, 2019		
	Principal	Interest Accrued	Percentage to Total Exposure	Principal	Interest Accrued	Percentage to Total Exposure
North East Nutrients Private Limited	1,467.54	–	100.00%	3,652.00	–	100.00%
	1,467.54	**–**	**100.00%**	**3,652.00**	**–**	**100.00%**

v) Concentration of NPAs : Nil

w) Sector-wise NPAs : Nil

x) Movement of NPAs : Nil

y) Overseas Assets : Nil

z) Off-Balance Sheet SPVs sponsored : Nil

aa) 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

(xii) Disclosures under Reserve Bank of India directions relating to COVID19 Regulatory Package - Asset Classification and Provisioning:

a. SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the said directions: Nil
b. Amount where asset classification benefits is extended: Nil
c. Provision made during the Q4 FY 2020 in terms of paragraph 5 of the said directions: Nil
d. Provisions adjusted during the accounting period against slippages and the residual provisions in terms of paragraph 6 of the said directions: Nil

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Schedule to the Balance Sheet as at 31st March, 2020

As required in terms of Paragraph 18 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(₹ in lakhs)

	Particulars	31st March, 2020	
	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) Other Loans (specify nature)	–	–
	Assets Side:	**Amount Outstanding**	
(2)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]**		
	a) Secured	1,467.54	
	b) Unsecured	–	
(3)	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities**		
	(i) Lease assets including lease rentals under sundry debtors	**36.55**	
	(a) Financial lease	–	
	(b) Operating lease	36.55	
	(ii) Stock on hire including hire charges under sundry debtors	–	
	(a) Assets on hire	–	
	(b) Repossessed Assets	–	
	(iii) Other Loans counting towards AFC Activities	–	
	(a) Loans where assets have been re-possessed	–	
	(b) Loans other than (a) above	–	
(4)	**Break-up of Investments : Current Investments**		
	1. Quoted:	**33,363.49**	
	(i) Shares : (a) Equity	0.10	
	(b) Preference	–	
	(ii) Debentures and Bonds	33,363.39	
	(iii) Units of mutual funds	–	
	(iv) Government Securities	–	
	(v) Others (please specify)	–	
	2. Unquoted:	**16,892.58**	
	(i) Shares : (a) Equity	–	
	(b) Preference	–	
	(ii) Debentures and Bonds	–	
	(iii) Units of mutual funds	16,892.58	
	(iv) Government Securities	–	
	(v) Certificate of Deposits	–	
	Long Term Investments		
	1. Quoted:	**6,594.16**	
	(i) Shares : (a) Equity	6,594.16	
	(b) Preference	–	
	(ii) Debentures and Bonds	–	
	(iii) Units of mutual funds	–	
	(iv) Government Securities	–	
	(v) Others (please specify)	–	

	Assets Side:	Amount Outstanding		
	2. Unquoted :			**6,934.54**
	(i) Shares : (a) Equity			6,934.54
	(b) Preference			–
	(ii) Debentures and Bonds			–
	(iii) Units of mutual funds			–
	(iv) Government Securities			–
	(v) Others (please specify)			–
(5)	**Borrower group-wise classification of assets financed as in (2) and (3) above:**			
	Category	**Amount Net of Provisions**		
		Secured	**Unsecured**	**Total**
	1. Related Parties			
	(a) Subsidiaries	–	–	–
	(b) Companies in the same group	1,467.54	36.55	1,504.09
	(c) Other related parties	–	–	–
	2. Other than related parties	–	–	–
	Total	**1,467.54**	**36.55**	**1,504.09**
(6)	**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	4,719.12	4,210.34	
	(b) Companies in the same group	–	–	
	(c) Other related parties	9,933.69	3,771.79	
	2. Other than related parties	55,802.64	55,802.64	
	Total	**70,455.45**	**63,784.77**	
(7)	**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.)

(xiii) The financial statements were approved for issue by the Board of Directors on 9th June, 2020.

23. Financial Instruments and Related Disclosures

1. Categories of Financial Instruments

(₹ in lakhs)

Particulars			Note	As at 31st March, 2020		As at 31st March, 2019	
				Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets							
a)	**Measured at amortised cost**						
	i)	Cash and cash equivalents	3	31.07	31.07	457.67	457.67
	ii)	Bank Balance other than (i) above	4	5.78	5.78	15.59	15.59
	iii)	Loans	6	1,467.54	1,467.54	3,652.00	3,652.00
	iv)	Investment in Bonds	7	4,997.92	5,039.80	4,990.44	5,029.02
	v)	Trade Receivables	5(I)	18.83	18.83	50.32	50.32
	vi)	Other financial assets	5(II) & 8	14,257.39	14,257.39	1,096.25	1,096.25
		Sub - total		**20,778.53**	**20,820.41**	**10,262.27**	**10,300.85**
b)	**Measurement at Fair value through OCI**						
	i)	Investment in Equity shares	7	5,546.58	5,546.58	16,604.22	16,604.22
		Sub - total		**5,546.58**	**5,546.58**	**16,604.22**	**16,604.22**
c)	**Measured at Fair value through Profit or Loss**						
	i)	Investment in Mutual Funds	7	16,892.58	16,892.58	14,451.91	14,451.91
	ii)	Investment in Bonds	7	28,365.46	28,365.46	34,912.03	34,912.03
	iii)	Investment in Certificate of Deposits	7	–	–	8,531.86	8,531.86
	iv)	Investment in Equity Shares	7	0.10	0.10	0.12	0.12
		Sub - total		**45,258.14**	**45,258.14**	**57,895.92**	**57,895.92**
		Total financial assets		**71,583.25**	**71,625.13**	**84,762.41**	**84,800.99**
B. Financial liabilities							
a)	**Measured at amortised cost**						
	i)	Other financial liabilities	12	56.27	56.27	47.60	47.60
		Total financial liabilities		**56.27**	**56.27**	**47.60**	**47.60**

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 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 recognize 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 ₹ 56.27 lakhs (2019: ₹ 47.60 lakhs) as against cash and cash equivalents of ₹ 31.07 lakhs (2019: ₹ 457.67 lakhs)

Further, the Company's total equity stands at ₹ 79,255.99 lakhs (2019: ₹ 92,766.23 lakhs). In such circumstances, liquidity risk or the risk that the

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 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 Note 22 (xi)(e) and for movement of provisions thereof, refer to Notes 13, 22 (xi)(b), 22 (xi)(r). There is no movement in the provision for litigation/dispute and contingent provision against standards assets during the year (Refer Note 13).

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 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 assets and liabilities measured at fair value on a recurring basis:

(₹ in lakhs)

Particulars		Fair Value Hierarchy (Level)	Fair Value	
			As at 31st March, 2020	As at 31st March, 2019
A. Financial assets				
a)	**Measured at Fair value through Profit or Loss**			
	i) Investment in Mutual Funds	1	16,892.58	14,451.91
	ii) Investment in Bonds	2	28,365.46	34,912.03
	iii) Investment in Equity Shares	1	0.10	0.12
	iv) Investment in Preference Shares	2	–	–
	v) Investment in Certificate of Deposits	2	–	8,531.86
b)	**Measured at Fair value through Other Comprehensive Income**			
	i) Investment in Equity Shares	1,3	5,546.58	16,604.22

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.

On behalf of the Board

R. TANDON *Chairman* SARADINDU DUTTA *Director*

S. SURESH KUMAR *Chief Financial Officer* N. BAJAJ *Manager & Company Secretary*

Kolkata, 9th June, 2020

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
6.	**Share capital (₹ in lakhs)**	:	4,206.02 (4,20,60,166 Equity Shares of ₹ 10.00 each)
			(₹ in lakhs)
7.	**Reserves & Surplus**	:	513.10
8.	**Total Assets**	:	5,006.86
9.	**Total Liabilities**	:	5,006.86
10.	**Investments (excluding Investments made in subsidiaries)**	:	2,955.47
11.	**Turnover***	:	570.38
12.	**Profit before taxation**	:	247.70
13.	**Provision for taxation**	:	114.44
14.	**Profit after taxation**	:	133.26
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-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020
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 Associates / Joint Venture (₹ in lakhs)	427.57	693.08	439.56	2,121.58	90.00
	Extent of Holding %	25.43	33.33	33.33	45.36	25.00
4.	**Description of how there is significant influence**	Associate	Associate	Associate	Associate	Associate
5.	**Reason why the Associate/Joint Venture is not consolidated**	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*	Not Applicable*
6.	**Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in lakhs)**	2,084.13	633.94	480.28	6,823.07	(40.41)
7.	**Profit / (Loss) for the year (₹ in lakhs)**	269.57	16.37	5.70	(741.08)	38.96
i.	Considered in Consolidation (₹ in lakhs)*	-	-	-	-	-
ii.	Not Considered in Consolidation (₹ in lakhs)*	269.57	16.37	5.70	(741.08)	38.96

* 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.

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* SARADINDU DUTTA *Director*

S. SURESH KUMAR *Chief Financial Officer* N. BAJAJ *Manager & Company Secretary*

Kolkata, 9th June, 2020

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

1. Your Directors submit their Report for the financial year ended 31st March, 2020.

2. PERFORMANCE OF THE COMPANY

During the year, your Company earned revenue of ₹ 323.82 lakhs from its operations, with total income being ₹ 570.38 lakhs. The Company continues to engage in building maintenance and property management. It presently maintains the ITC Centre and certain other properties owned by ITC Limited, the ultimate Holding Company. The Company also entered into the business of providing Engineering, Procurement and Construction Management (EPCM) Services & Project Management Consultancy Services and received few contracts during the year.

However, during the latter part of the financial year, the COVID-19 pandemic and the consequent lockdown posed a formidable challenge to the Company's operations and its stakeholders. The systems and processes that are laid down in the Company have aided in ensuring business continuity, to the extent possible, and has facilitated restoration of normalcy in operations.

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

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
Profits		
a. Profit Before Tax	**2,47,69,968**	2,40,99,067
b. Less : Tax Expense	**1,14,43,853**	62,74,591
c. Profit After Tax	**1,33,26,115**	1,78,24,476
d. Add : Other Comprehensive Loss	**(2,30,614)**	(1,52,672)
e. Total Comprehensive Income	**1,30,95,501**	1,76,71,804
Retained Earnings		
a. At the beginning of the year	**3,82,14,798**	2,05,42,994
b. Add : Profit for the year	**1,33,26,115**	1,78,24,476
c. Add : Other Comprehensive Loss	**(2,30,614)**	(1,52,672)
d. At the end of the year	**5,13,10,299**	3,82,14,798

3. DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Changes in Directors and Key Managerial Personnel during the year

As you are aware, at the 33rd Annual General Meeting ('AGM') held on 20th June, 2019, Mr. Chitranjan Dar (DIN: 03191054) was appointed as a Non-Executive Director of the Company with effect from the said date.

During the year under review, Mr. Rajesh Poddar (DIN: 00297605), stepped down as a Non-Executive Director of your Company with effect from close of work on 6th November, 2019. Your Directors place on record their appreciation for the contribution made by Mr. Poddar during his tenure.

The Board of Directors of your Company ('the Board') appointed Ms. Nidhi Bajaj (DIN: 02171721) as an Additional Director of the Company with effect from 15th January, 2020. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 130 of the Articles of Association of the Company, Ms. Bajaj will vacate office at the ensuing AGM and is eligible for appointment as a Director of the Company.

Your Board at the meeting held on 8th June, 2020 recommended for the approval of the Members, the appointment of Ms. Bajaj 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 Ms. Bajaj, who has filed her consent to act as a Director of your Company, if appointed. Appropriate resolution seeking your approval to Ms. Bajaj's appointment is appearing in the Notice convening the ensuing AGM of the Company.

During the year under review, there was no change in the Key Managerial Personnel of the Company.

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Article 143 of 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.

(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.

4. BOARD MEETINGS

Five meetings of the Board were held during the year ended 31st March, 2020.

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, 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 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 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 have arisen due to the still unfolding COVID-19 pandemic.

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.

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 ensure that such systems are reinforced on an ongoing basis.

10. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2020, 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 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. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 3** to this Report.

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 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 2020-21. 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 : 8th June, 2020

S. Dutta *Director*

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2020

[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
M. Seth *	39	Chief Financial Officer	48,75,066/-	34,04,912/-	B. Com (Hons.), A.C.A. CISA, CISM	14	01.01.2015	Manager (Finance), ITC Limited
A. Bhattacharya	51	Assistant Manager - Finance	11,44,568/-	9,47,115/-	B. Com, P.G.D.P. (Insurance & Risk Mngt.)	22	01.10.1997	–
P. Kumar	29	Manager & Company Secretary	9,83,838/-	8,48,040/-	B. Com (Hons.), A.C.S.	5	05.12.2016	Executive - Secretarial, Bata India Limited
A. Kanjilal	47	Security & Fire Officer	9,80,493/-	8,61,513/-	B.A.	27	16.02.2015	Site Security Leader, IBM India Private Limited
S. K. Singh	53	Administrative Assistant	7,56,380/-	5,86,058/-	Madhyamik	22	01.10.1997	–
N. Ghosh #	58	Maintenance Supervisor	5,99,513/-	5,29,002/-	Electrician License	29	15.02.1991	–
S. Bhattacharya	57	Maintenance Supervisor	5,54,025/-	4,71,068/-	B.Sc. (Hons.)	28	16.04.1992	–
S. Lama	46	Administrative Assistant I	5,34,301/-	4,57,810/-	H.S.	22	01.10.1997	–
G. B. Das	52	Maintenance Superintendent	5,13,062/-	4,35,873/-	Madhyamik	28	01.11.1991	–
A. Chakraborty	36	Maintenance Supervisor	5,11,858/-	4,36,730/-	B. Tech (Electronics & Telecommunication)	11	16.01.2018	Technical Consultant, G4S Secure Solutions (India) Private Limited

** On deputation from ITC Limited, the ultimate Holding Company (ITC).*
 # Retired with effect from 2nd February, 2020.

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. The Chief Financial Officer 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) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Chief Financial Officer 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 employee) are / were contractual in accordance with terms and conditions as per Company's rules.

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

On behalf of the Board

R. Tandon *Chairman*

Dated : 8th June, 2020

S. Dutta *Director*

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2020

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, the ultimate Holding Company (ITC)
b)	Nature of contracts / arrangements / transactions	Maintenance of ITC Centre, Kolkata, and certain other properties owned by ITC
c)	Duration of the contracts / arrangements / transactions	Maintenance of ITC Centre - 1st August, 2019 to 31st July, 2020 Maintenance of other properties - 1st April, 2019 to 31st March, 2020
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year - ₹ 301.82 lakhs
e)	Date(s) of approval by the Board, if any	1st March, 2019
f)	Amount paid as advances, if any	Nil

On behalf of the Board

R. Tandon *Chairman*
S. Dutta *Director*

Dated : 8th June, 2020

Annexure 3 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U55202WB1986PLC049467
ii) Registration Date	:	2nd June, 1986
iii) Name of the Company	:	Greenacre Holdings Limited
iv) Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v) Address of the Registered office and contact details	:	ITC Centre 37 J. L. Nehru Road, Kolkata 700 071 Phone: 033 2288 9371 / 9900, Fax: 033 2288 9980 e-mail ID: GreenacreHoldings.Limited@itc.in
vi) Whether listed company	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Managing and providing maintenance services for buildings	68200	93.21%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	Russell Credit Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U65993WB1994PLC061684	Holding company	100.00%	2(46)
2.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata 700 071	L16005WB1910PLC001985	Ultimate Holding company	–	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) **Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual / HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	4,20,60,166	4,20,60,166	100.00	–	4,20,60,166	4,20,60,166	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	–	**4,20,60,166**	**4,20,60,166**	**100.00**	–	**4,20,60,166**	**4,20,60,166**	**100.00**	**Nil**
(2) **Foreign**									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**4,20,60,166**	**4,20,60,166**	**100.00**	–	**4,20,60,166**	**4,20,60,166**	**100.00**	**Nil**
B. Public Shareholding									
(1) **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	–	–	–	–	–	–	–	–	**N.A.**
(2) **Non-Institutions**									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	–	**4,20,60,166**	**4,20,60,166**	**100.00**	–	**4,20,60,166**	**4,20,60,166**	**100.00**	**Nil**

(ii) **Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	Russell Credit Limited	4,20,60,166	100.00	Nil	4,20,60,166	100.00	Nil	Nil

(iii) **Change in Promoters' Shareholding (please specify, if there is no change):**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** NOT APPLICABLE

(v) **Shareholding of Directors and Key Managerial Personnel:** None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	P. Kumar (Manager & Company Secretary)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	9,24,334
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	25,000
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total Amount (A)		**9,49,334**
Ceiling as per the Companies Act, 2013		84,00,000 per annum *(refer Note)*

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2020 are inadequate. The appointment of Mr. P. Kumar 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.

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	N. Bajaj				
	C. Dar				
	S. Dutta				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**9,49,334**
Overall ceiling as per the Companies Act, 2013					84,00,000 per annum *(refer Note)*

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2020 are inadequate.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(Amount in ₹)

Sl. No.	**Particulars of Remuneration**	**M. Seth (Chief Financial Officer)** ***(refer Note)***
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	46,22,626
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	1,68,428
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total Amount		**47,91,054**

Note: Mr. M. Seth is on deputation from ITC Limited (ITC). He has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / 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

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013: None

On behalf of the Board

R. Tandon *Chairman*

Dated : 8th June, 2020

S. Dutta *Director*

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, 2020, 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, 2020, 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 standalone 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.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2019, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on April 23, 2019.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 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) 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, according to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
   (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 4 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.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 20109360AAAAAU2890

Place of Signature: Mumbai
Date: 08 June, 2020

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) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.

(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) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The Company does not have any inventory and accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of 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. Excise duty and duty of custom are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-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. Excise duty and duty of custom 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 services tax and cess which have not been deposited on account of any dispute.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans, hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) 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, 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) insofar as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in Section 192 of the Act.

(xvi) 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.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 20109360AAAAAU2890

Place of Signature: Mumbai
Date: 08 June, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE 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 over financial reporting of Greenacre Holdings Limited ("the Company") as of March 31, 2020 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 (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, 2020, 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 Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 20109360AAAAAU2890

Place of Signature: Mumbai
Date: 08 June, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

	Note		As at 31st March, 2020 (₹)		As at 31st March, 2019 (₹)
ASSETS					
Non-current assets					
(a) Property, plant and equipment	3		**14,83,17,989**		14,76,65,527
(b) Other non-current assets	4		**5,23,10,894**		5,16,64,916
Current assets					
(a) Financial assets					
(i) Investments	5	**29,55,47,173**		27,08,47,011	
(ii) Other receivables	6	**1,400**		-	
(iii) Cash and cash equivalents	7	**40,82,070**	**29,96,30,643**	17,17,989	27,25,65,000
(b) Other current assets	4		**4,26,568**		1,83,637
TOTAL ASSETS			**50,06,86,094**		47,20,79,080
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	8	**42,06,01,660**		42,06,01,660	
(b) Other equity		**5,13,10,299**	**47,19,11,959**	3,82,14,798	45,88,16,458
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
Other financial liabilities	9		**80,29,169**		24,70,852
(b) Provisions	10		**15,57,975**		14,16,936
(c) Deferred tax liabilities (Net)	11		**1,37,38,649**		31,03,412
Current liabilities					
(a) Financial liabilities					
Other financial liabilities	9		**46,67,920**		57,46,000
(b) Provisions	10		**3,27,028**		1,56,563
(c) Other current liabilities	12		**4,53,394**		3,68,859
TOTAL EQUITY AND LIABILITIES			**50,06,86,094**		47,20,79,080

The accompanying notes 1 to 20 are an integral part of the Financial Statements.

In terms of our report attached

On behalf of the Board

For S R B C & CO LLP
Chartered Accountants
(Firm Registration Number: 324982E/E300003)

Firoz Pradhan
Partner
(Membership Number: 109360)
Mumbai, 8th June, 2020

R. TANDON *Chairman* S. DUTTA *Director*
M. SETH *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*

Kolkata, 8th June, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

		Note	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
I	Revenue from operations	13	3,23,82,103	3,00,68,534
II	Other income	14	2,46,55,909	2,32,22,242
III	**Total income (I+II)**		**5,70,38,012**	5,32,90,776
IV	**EXPENSES**			
	Maintenance and service expense		1,04,13,218	79,19,468
	Employee benefits expense	15	2,02,36,828	1,98,40,763
	Depreciation expense		2,13,858	1,72,331
	Other expenses	16	14,04,140	12,59,147
	Total expenses (IV)		**3,22,68,044**	2,91,91,709
V	**Profit before tax (III - IV)**		**2,47,69,968**	2,40,99,067
VI	**Tax expense:**			
	Current tax	17A	7,31,054	44,61,946
	Deferred tax	17A	1,07,12,799	18,12,645
VII	**Profit for the year (V - VI)**		**1,33,26,115**	1,78,24,476
VIII	**Other Comprehensive (Loss) / Income**			
	A (i) Items that will not be reclassified to profit or loss:			
	- Remeasurements of defined benefit plans		(3,08,176)	(2,11,516)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	17B	77,562	58,844
	Other Comprehensive (Loss) / Income [A (i)+(ii)]		(2,30,614)	(1,52,672)
IX	**Total Comprehensive Income for the year (VII+VIII)**		**1,30,95,501**	1,76,71,804
X	Earnings per equity share (Face Value ₹ 10.00 each): - Basic and Diluted (in ₹)		**0.32**	0.42

The accompanying notes 1 to 20 are an integral part of the Financial Statements.

In terms of our report attached

On behalf of the Board

For S R B C & CO LLP
Chartered Accountants
(Firm Registration Number: 324982E/E300003)

Firoz Pradhan
Partner
(Membership Number: 109360)
Mumbai, 8th June, 2020

R. TANDON *Chairman* S. DUTTA *Director*
M. SETH *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*
Kolkata, 8th June, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity Share capital (₹)

	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, 2019	42,06,01,660	–	42,06,01,660
For the year ended 31st March, 2020	**42,06,01,660**	**–**	**42,06,01,660**

B. Other Equity (₹)

	Reserves & Surplus	
	Retained Earnings	Total
Balance as at 1st April, 2018	**2,05,42,994**	**2,05,42,994**
Profit for the year	1,78,24,476	1,78,24,476
Other Comprehensive Income / (Loss) (net of tax)	(1,52,672)	(1,52,672)
Total Comprehensive Income for the year	**1,76,71,804**	**1,76,71,804**
Balance as at 31st March, 2019	**3,82,14,798**	**3,82,14,798**
Profit for the year	1,33,26,115	1,33,26,115
Other Comprehensive Income / (Loss) (net of tax)	(2,30,614)	(2,30,614)
Total Comprehensive Income for the year	**1,30,95,501**	1,30,95,501
Balance as at 31st March, 2020	**5,13,10,299**	**5,13,10,299**

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)

Firoz Pradhan
Partner
(Membership Number: 109360)
Mumbai, 8th June, 2020

On behalf of the Board

R. TANDON *Chairman*
S. DUTTA *Director*
M. SETH *Chief Financial Officer*
P. KUMAR *Manager & Company Secretary*
Kolkata, 8th June, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	**2,47,69,968**	2,40,99,067
ADJUSTMENTS FOR :		
Depreciation expense	2,13,858	1,72,331
Interest Income	(1,13,690)	-
Net gain arising on investments mandatorily measured at Fair value through profit and loss (FVTPL)	(2,14,94,219)	(2,01,74,242)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**33,75,917**	40,97,156
ADJUSTMENTS FOR :		
Other assets	(92,931)	(2,25,756)
Other financial liabilities	44,80,237	70,852
Other receivables	(1,400)	–
Other current liabilities	84,534	77,068
Provisions	3,328	(3,07,095)
CASH GENERATED FROM OPERATIONS	78,49,685	37,12,225
Income tax paid	(15,27,031)	(49,53,702)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	**63,22,654**	(12,41,477)
B. Cash Flow from Investing Activities		
Purchase of Property, plant and equipments	(8,66,320)	–
Purchase of current investments	(4,24,05,000)	(5,54,04,000)
Sale / redemption of current investments	3,91,99,057	5,63,97,000
Interest received	1,13,690	–
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	**(39,58,573)**	9,93,000
C. Cash Flow from Financing Activities	–	–
NET CASH FROM FINANCING ACTIVITIES	–	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**23,64,081**	(2,48,477)
OPENING CASH AND CASH EQUIVALENTS	**17,17,989**	19,66,466
CLOSING CASH AND CASH EQUIVALENTS (Note 7)	**40,82,070**	17,17,989

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)

Firoz Pradhan
Partner
(Membership Number: 109360)
Mumbai, 8th June, 2020

On behalf of the Board

R. TANDON *Chairman* S. DUTTA *Director*
M. SETH *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*
Kolkata, 8th June, 2020

NOTES TO THE FINANCIAL STATEMENTS

Company Information:

Greenacre Holdings Limited, a wholly owned subsidiary of Russell Credit Limited, is engaged in property infrastructure maintenance.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 recognizsed, 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 cash 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 equity, net of reimbursements, if any 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, 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.

1. **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.

2. **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.

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 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.

4. **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 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(Amount in ₹)

Particulars	Gross Block							Depreciation and Amortization						Net Book Value	
	As at 31st March, 2018	Additions	Withdrawals and adjustments	As at 31st March, 2019	Additions	Withdrawals and adjustments	As at 31st March, 2020	Upto 31st March, 2018	For the year	Upto 31st March, 2019	For the year	On Withdrawals and adjustments	Upto 31st March, 2020	As at 31st March, 2020	As at 31st March, 2019
3. Property, plant and equipment															
Land	14,06,29,749	-	-	14,06,29,749	-	-	14,06,29,749	-	-	-	-	-	-	14,06,29,749	14,06,29,749
Buildings	77,23,667	-	-	77,23,667	8,66,320	-	85,89,987	5,16,228	1,71,920	6,88,148	2,13,858	-	9,02,006	76,87,981	70,35,519
Plant and Equipment	5,179	-	-	5,179	-	-	5,179	4,509	411	4,920	-	-	4,920	259	259
TOTAL	14,83,58,595	-	-	14,83,58,595	8,66,320	-	14,92,24,915	5,20,737	1,72,331	6,93,068	2,13,858	-	9,06,926	14,83,17,989	14,76,65,527

The above includes following assets given on operating lease :

Particulars	As at 31st March, 2020			2020	As at 31st March, 2019		
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block
Buildings (#)	77,23,667	8,60,540	68,63,127	1,72,392	77,23,667	6,88,148	70,35,519
TOTAL	77,23,667	8,60,540	68,63,127	1,72,392	77,23,667	6,88,148	70,35,519

(#) The above assets are given on operating lease, which are not non-cancellable and are usually renewable by mutual consent on mutually agreeable terms. The lease rental of ₹ 30,48,000 (March 2019- ₹ 30,48,000) is included in Lease rental income under Other income (Note 14)

	As at 31st March, 2020 (₹)		As at 31st March, 2019 (₹)	
	Current	Non-Current	Current	Non-Current
4. Other assets				
(A) Capital Advances	–	42,85,855	–	42,85,855
(B) Advances other than capital advances				
(i) Security Deposits - Others		1,55,000	–	3,05,000
(ii) Advance Tax (net of provisions)	–	27,07,850	–	19,11,872
(iii) Other Advances				
- Assignable claims [Refer Note 20]	–	2,00,00,000	–	2,00,00,000
- Payment towards land / project development (*)	–	1,23,71,911	–	1,23,71,911
- Project Advances	–	1,27,90,278	–	1,27,90,278
- Other Advances (including advances with statutory authorities, prepaid expenses, employees etc.)	4,26,568	–	1,83,637	–
TOTAL	**4,26,568**	**5,23,10,894**	1,83,637	5,16,64,916

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

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
5. Current Investments (at fair value through profit or loss unless stated otherwise)	Unquoted	Unquoted
INVESTMENT IN MUTUAL FUNDS		
Aditya Birla Sun Life Floating Rate Fund - Long Term 2,01,797 units of ₹ 100.00 each	5,00,82,319	4,63,59,473
Aditya Birla Sun Life Liquid Fund 7,058 (2019 - 1,005) units of ₹ 100.00 each	22,42,505	3,00,386
Aditya Birla Sun Life Savings Fund 2,78,830 units of ₹ 100.00 each	11,17,63,018	10,36,57,161
ICICI Prudential Savings Fund 2,24,080 (2019 - 2,26,003) units of ₹ 100.00 each	8,74,74,059	8,16,25,310
ICICI Prudential Liquid Fund Nil (2019 - 1,091) units of ₹ 100.00 each	–	3,00,375
Kotak Savings Fund 12,53,702 units of ₹ 10.00 each	4,11,88,763	3,83,03,868
Nippon India Liquid Fund (Formerly known as Reliance Liquid Fund) 430 (2019 - Nil) units of ₹ 1000.00 each	20,72,252	–
Axis Liquid Fund 330 (2019 - Nil) units of ₹ 1000.00 each	7,24,257	–
SBI Liquid Fund Nil (2019 - 103) units of ₹ 1000.00 each	–	3,00,438
Aggregate amount of unquoted investments	**29,55,47,173**	27,08,47,011
TOTAL	**29,55,47,173**	27,08,47,011

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2020 (₹)		As at 31st March, 2019 (₹)	
	Current	Non-Current	Current	Non-Current
6. Other receivables				
Other receivables	1,400	–	–	–
TOTAL	**1,400**	–	–	–

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
7. Cash and cash equivalents		
Balances with Banks		
Current accounts	40,74,018	16,97,989
Cash on hand	8,052	20,000
TOTAL	**40,82,070**	17,17,989

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹)	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹)
8. Equity Share capital				
Authorised				
Equity Shares of ₹ 10.00 each	5,00,00,000	50,00,00,000	5,00,00,000	50,00,00,000
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	4,20,60,166	42,06,01,660	4,20,60,166	42,06,01,660

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹)	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹)
A) Reconciliation of number of Equity Shares outstanding				
As at beginning and at the end of the year	4,20,60,166	42,06,01,660	4,20,60,166	42,06,01,660

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

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (%)	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (%)
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.

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
9. Other financial liabilities		
Non-current		
Other liabilities [includes deposits from ITC Limited, the ultimate Holding Company: ₹ 24,00,000 (2019 : ₹ 24,00,000)	80,11,000	24,00,000
Other payables [payable to ITC Limited, the ultimate Holding Company]	18,169	70,852
TOTAL	**80,29,169**	24,70,852
Current		
Other liabilities	–	56,11,000
Other payables [includes payable to ITC Limited, the ultimate Holding Company: ₹ 24,67,920/- (2019:Nil)]	26,02,920	1,35,000
Others (Liabilities for expenses)	20,65,000	–
TOTAL	**46,67,920**	57,46,000

	As at 31st March, 2020 (₹)		As at 31st March, 2019 (₹)	
	Current	**Non-Current**	Current	Non-Current
10. Provisions				
Provision for employee benefits				
Retirement benefits	1,38,756	–	–	–
Other benefits	1,88,272	15,57,975	1,56,563	14,16,936
TOTAL	**3,27,028**	**15,57,975**	1,56,563	14,16,936

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
11.Deferred tax liabilities (Net)		
Deferred tax liabilities	1,42,45,734	98,41,582
Less : Deferred tax assets	5,07,085	67,38,170
TOTAL	1,37,38,649	31,03,412

Movement in Deferred tax liabilities / assets balances (Amount in ₹)

2019-20	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities / (assets) in relation to :				
Other timing differences:				
On current investments - FVTPL	98,41,582	44,04,152	-	1,42,45,734
Total deferred tax liabilities	98,41,582	44,04,152	-	1,42,45,734
On fiscal allowances on property, plant and equipment, etc.	40,753	(8,086)	-	32,667
On employees separation and retirement etc.	4,36,746	(39,890)	77,562	4,74,418
Other timing differences	60,671	(60,671)	-	-
Total deferred tax assets before MAT credit entitlement	5,38,170	(1,08,647)	77,562	5,07,085
Total deferred tax liabilities / (assets) before MAT credit entitlement (Net)	93,03,412	45,12,799	(77,562)	1,37,38,649
Less: MAT credit entitlement	62,00,000	(62,00,000)	-	-
Deferred tax liabilities/ (assets) (Net)	31,03,412	1,07,12,799	(77,562)	1,37,38,649

2018-19	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities / (assets) in relation to :				
Other timing differences:				
On current investments - FVTPL	42,80,018	55,61,564	-	98,41,582
Total deferred tax liabilities	**42,80,018**	**55,61,564**	-	**98,41,582**
On fiscal allowances on property, plant and equipment, etc.	45,236	(4,483)	-	40,753
On employees separation and retirement etc	4,63,829	(85,927)	58,844	4,36,746
Other timing differences	1,21,342	(60,671)	-	60,671
Total deferred tax assets before MAT credit entitlement	**6,30,407**	**(1,51,081)**	**58,844**	**5,38,170**
Total deferred tax liabilities / (assets) before MAT credit entitlement (Net)	**36,49,611**	**57,12,645**	**(58,844)**	**93,03,412**
Less: MAT credit entitlement	23,00,000	39,00,000	-	62,00,000
Deferred tax liabilities/ (assets) (Net)	**13,49,611**	**18,12,645**	**(58,844)**	**31,03,412**

The Company has long term capital losses of ₹ 53,24,22,842/- (2019 - ₹ 53,24,22,842/-) for which no deferred tax assets have been recognised. These losses are available for set off against capital gains arising in future. These losses will expire in financial year 2023-24.

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
12. Other liabilities		
Current		
Statutory liabilities	4,53,394	3,68,859
TOTAL	4,53,394	3,68,859

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
13. Revenue from operations		
Sale of Services	3,23,82,103	3,00,68,534
TOTAL	3,23,82,103	3,00,68,534

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
14. Other income		
Interest income	1,13,690	–
Lease rental income	30,48,000	30,48,000
Other gains and losses	2,14,94,219	2,01,74,242
TOTAL	2,46,55,909	2,32,22,242

Interest income comprises interest from:

Others (from statutory authorities)	1,13,690	–
TOTAL	1,13,690	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
Other gains and losses:		
Net gain arising on financial assets (Current investments) mandatorily measured at FVTPL*	2,14,94,219	2,01,74,242
TOTAL	**2,14,94,219**	2,01,74,242

* Includes ₹ 1,77,369 (March 2019 - ₹ 1,82,998) being net gain on sale of investments.

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
15. Employee benefits expense		
Salaries and wages	1,24,62,528	1,17,32,403
Remuneration of manager's salary on deputation *	52,50,407	52,37,526
Contribution to Provident and other funds	11,04,391	11,68,859
Staff welfare expenses	14,19,502	17,01,975
TOTAL	**2,02,36,828**	1,98,40,763

* Includes reimbursement on account of share based payments as under :
- Employee Stock Option Scheme (ESOS) : ₹ 4,35,205 (March 2019 : ₹ 10,69,760)
- Employee Stock Appreciation Linked Reward (ESAR) Plan : (₹ 52,452) (March 2019 : ₹ 70,852) [Refer Note 18(vi)]

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
16. Other expenses		
Rates and taxes	3,44,514	2,21,879
Insurance	2,774	2,737
Bank charges	2,340	2,291
Travelling and conveyance	14,063	29,579
Consultancy / Professional fees	7,79,850	6,61,380
Telephone expenses	11,748	11,435
Miscellaneous expenses	2,48,851	3,29,846
TOTAL	**14,04,140**	12,59,147
Miscellaneous expenses include :		
Auditors' remuneration and expenses *		
Audit fees	1,50,000	1,50,000
Tax audit fees	50,000	50,000
* Excluding taxes.		

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
17. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	7,70,000	50,00,000
Adjustments / (credits) related to previous years - Net	(38,946)	(5,38,054)
Total current tax	**7,31,054**	44,61,946
Deferred tax		
Deferred tax for the year	45,12,799	57,12,645
MAT credit entitlement	62,00,000	(39,00,000)
Total deferred tax	**1,07,12,799**	18,12,645
TOTAL	**1,14,43,853**	62,74,591
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 gains / (losses) on defined benefit plans	77,562	58,844
TOTAL	**77,562**	58,844

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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, 2020 (₹)	For the year ended 31st March, 2019 (₹)
Profit before tax	**2,47,69,968**	**2,40,99,067**
Income tax expense calculated @ 25.168% (2019 - 26.00%)	62,34,105	**62,65,757**
Effect of tax relating to uncertain tax positions	1,14,163	**2,78,138**
Effect on deferred tax balances due to the change in Income Tax Rate	(8,86,867)	–
Other differences	(1,78,602)	**2,68,750**
Total	**52,82,799**	68,12,645
Adjustments recognised in the current year in relation to the current tax of prior years	(38,946)	(5,38,054)
MAT credit entitlement reversed during the year	62,00,000	–
Income tax recognised in profit or loss	**1,14,43,853**	62,74,591

The tax rate used for the year 2019-20 and 2018-19 reconciliations above is the corporate tax rate of - 25.168% (22% + surcharge @ 10% + cess @ 4%) in 2019-20 and 26.00% (25% + cess @ 4%) in 2018-19 payable on taxable profits under the Income Tax Act, 1961.

18. Additional Notes to the Financial Statements

(i) Earnings per share:

		2020	2019
Earnings per share has been computed as under:			
(a)	Profit for the year (₹)	**1,33,26,115**	1,78,24,476
(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)]	**0.32**	0.42

(ii) 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. These Plans are administered through approved Trusts, which operate in accordance with the Trust Deed, Rules and applicable Statutes. These concerned Trusts are 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.

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.

			For the year ended 31st March, 2020 (₹)		For the year ended 31st March, 2019 (₹)	
			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	2,61,585	1,24,610	2,50,090	1,19,562
	2	Past Service Cost	–	–	–	–
	3	Net Interest Cost	(19,064)	1,12,017	(13,975)	1,02,911
	4	**Total expense recognised in the Statement of Profit and Loss**	**2,42,521**	**2,36,627**	2,36,115	2,22,473
	- Re-measurements recognised in Other Comprehensive Income					
	5	Return on plan assets (excluding amounts included in Net interest cost)	19,743	–	18,509	–
	6	Effect of changes in demographic assumptions	–	–	(1,169)	(789)
	7	Effect of changes in financial assumptions	2,63,005	1,69,674	–	–
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–
	9	Effect of experience adjustments	(70,581)	(73,665)	(11,475)	2,06,440

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2020 (₹)		For the year ended 31st March, 2019 (₹)	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
	10	**Total re-measurements included in Other Comprehensive Income [(Gain)/Loss]**	**2,12,167**	**96,009**	5,865	2,05,651
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income [(Gain)/Loss] (4+10)**	**4,54,688**	**3,32,636**	2,41,980	4,28,124

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.

			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Funded	Unfunded	Funded	Unfunded
II	**Actual Returns**		**2,34,833**	–	2,40,375	–
III	**Net Asset / (Liability) recognised in Balance Sheet**					
	1	Present Value of Defined Benefit Obligation	30,03,153	17,46,247	26,94,013	15,73,499
	2	Fair Value of Plan Assets	28,64,397	–	26,97,613	–
	3	Status [Surplus / (Deficit)]	(1,38,756)	(17,46,247)	3,600	(15,73,499)
	4	Restrictions on Asset Recognised	–	–	–	–

			As at 31st March, 2020		As at 31st March, 2019	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
	5	**Net Asset/(Liability) recognised in Balance Sheet**	Funded	Unfunded	Funded	Unfunded
		- Current	(1,38,756)	(1,88,272)	3,600	(1,56,563)
		- Non-current	–	(15,57,975)	–	(14,16,936)

			For the year ended 31st March, 2020 (₹)		For the year ended 31st March, 2019 (₹)	
			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	26,94,013	15,73,499	31,26,474	15,98,914
	2	Current Service Cost	2,61,585	1,24,610	2,50,090	1,19,562
	3	Interest Cost	1,89,512	1,12,017	2,01,797	1,02,911
	4	Re-measurement Gains / (Losses):				
		a. Effect of changes in demographic assumptions	–	–	(1,169)	(789)
		b. Effect of changes in financial assumptions	2,63,005	1,69,674	–	–
		c. Changes in asset ceiling (excluding interest income)	–	–	–	–
		d. Effect of experience adjustments	(70,581)	(73,665)	(11,475)	2,06,440
	5	Curtailment Cost / (Credits)	–	–	–	–
	6	Settlement Cost / (Credits)	–	–	–	–
	7	Liabilities assumed in business combination	–	–	–	–
	8	Exchange difference on foreign plans	–	–	–	–
	9	Benefits Paid	(3,34,381)	(1,59,888)	(8,71,704)	(4,53,539)
	10	**Present Value of DBO at the end of the year**	**30,03,153**	**17,46,247**	26,94,013	15,73,499

V	**Best Estimate of Employers' Expected Contribution for the next year**	As at 31st March, 2020	As at 31st March, 2019
	- Gratuity	**2,48,395**	3,12,332
	- Leave Encashment	**1,24,610**	1,19,562

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2020 (₹)		For the year ended 31st March, 2019 (₹)	
			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	26,97,613	–	30,56,310	–
	2	Asset acquired in Business Combination	–	–	–	–
	3	Expected Return on Plan Assets	2,08,575	–	2,15,772	–
	4	Re-measurement Gains / (Losses) on plan assets	(19,743)	–	(18,509)	–
	5	Actual Company Contributions	3,12,333	–	3,15,744	–
	6	Benefits Paid	(3,34,381)	–	(8,71,704)	–
	7	**Plan Assets at the end of the year**	**28,64,397**	–	26,97,613	–

			As at 31st March, 2020	As at 31st March, 2019
			Discount Rate (%)	Discount Rate (%)
VII	**Actuarial Assumptions**			
	1	Gratuity	6.25	7.50
	2	Leave Encashment	6.25	7.50

VIII	Major Category of Plan Assets as a % of the Total Plan Assets		As at 31st March, 2020	As at 31st March, 2019
	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 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 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.

			For the year ended 31st March, 2020 (₹)		For the year ended 31st March, 2019 (₹)	
			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	30,03,153	17,46,247	26,94,013	15,73,499
	2	Fair Value of Plan Assets	28,64,397	-	26,97,613	-
	3	Status [Surplus / (Deficit)]	(1,38,756)	(17,46,247)	3,600	(15,73,499)
	4	Experience Adjustment of Plan Assets [Gain / (Loss)]	(19,743)	-	(18,509)	-
	5	Experience Adjustment of obligation [(Gain) / Loss]	(70,581)	(73,665)	(11,475)	2,06,440

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(Amount in ₹)

		DBO as at 31st March, 2020		DBO as at 31st March, 2019	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Discount Rate + 100 basis points	27,90,141	16,11,154	25,24,531	14,73,624
2	Discount Rate - 100 basis points	32,43,702	19,00,732	28,82,699	16,85,717
3	Salary Increase Rate + 1%	32,28,965	18,92,134	28,71,878	16,79,425
4	Salary Increase Rate – 1%	27,99,165	16,16,135	25,31,211	14,77,509

Maturity Analysis of the Benefit Payments (Amount in ₹)

		DBO as at 31st March, 2020		DBO as at 31st March, 2019	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
1	Year 1	3,98,606	2,00,786	3,12,575	1,56,563
2	Year 2	–	–	3,26,397	1,76,373
3	Year 3	2,85,372	1,45,506	3,49,912	8,810
4	Year 4	–	–	2,59,783	1,36,843
5	Year 5	7,33,822	4,46,981	17,337	10,345
6	Next 5 Years	17,95,870	10,40,050	19,53,140	11,84,678

Amount towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 15: ₹ 8,61,870 (2019 - ₹ 9,32,744).

(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, 2020. 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 property maintenance and in a single geographical segment in India. The entity wide disclosures are as under:

(Amount in ₹)

	2020	2019
Non-current assets (In India)	20,06,28,882	19,93,30,443

The Company's revenue from the ultimate Holding Company, which is in excess of 10% of its revenue, is as under:

(Amount in ₹)

	2020	2019
ITC Limited - ultimate Holding Company	3,01,82,103	3,00,68,534

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 — Additional Director (w.e.f. 15.01.2020)
- Mr. S. Dutta — Non-Executive Director
- Mr. C. Dar — Non-Executive Director
- Mr. R. Poddar — Non-Executive Director (upto 06.11.2019)
- Mr. M. Seth — Chief Financial Officer
- Mr. P. Kumar — Manager & Company Secretary

(v) Employee Trusts where there is significant influence:

- Greenacre Holdings Limited Provident Fund
- Greenacre Holdings Limited Gratuity Fund

(b) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2020

(Amount in ₹)

RELATED PARTY TRANSACTION SUMMARY		Ultimate Holding Company		Holding Company		Associate of Holding Company		Key Management Personnel		Employee Trusts		Total	
		2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
1.	Rent Received	17,28,000	17,28,000	–	–	13,20,000	13,20,000	–	–	–	–	**30,48,000**	30,48,000
2.	Purchase of Services	19,56,000	40,000	–	–	–	–	–	–	–	–	**19,56,000**	40,000
3.	Sale of Services	3,01,82,103	3,00,68,534	–	–	–	–	–	–	–	–	**3,01,82,103**	3,00,68,534
4.	Expenses Recovered	2,59,002	3,56,408	–	–	–	–	–	–	–	–	**2,59,002**	3,56,408
5.	Remuneration of manager on deputation (For CFO)	48,67,654	40,96,914	–	–	–	–	–	–	–	–	**48,67,654**	40,96,914
6.	Expenses Reimbursed	75,000	–	–	–	–	–	–	–	–	–	**75,000**	–
7.	Contribution to Greenacre Holdings Limited Provident Fund	–	–		–	–	–	–	–	8,61,870	9,32,744	**8,61,870**	9,32,744
8.	Contribution to Greenacre Holdings Limited Gratuity Fund	–	–	–	–	–	–	–	–	3,12,333	3,15,744	**3,12,333**	3,15,744
9.	Remuneration to Key Management Personnel (Manager & Company Secretary) – Short term benefits - Mr. P. Kumar	–	–	–	–	–	–	9,83,838	7,48,815	–	–	**9,83,838**	7,48,415
10.	Balances as at 31st March												
	i) Deposits Taken	24,00,000	24,00,000	–	–	56,11,000	56,11,000	–	–	–	–	**80,11,000**	80,11,000
	ii) Payables	23,34,089	**70,852**	–	–	–	–	–	–	–	–	**23,34,089**	70,852

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:

(a) stock options under the ITC Employee Stock Option Schemes (ITC ESOS) in earlier years 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) during the year in accordance with the terms and conditions of such schemes.

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 ₹ 4,35,205/- (2019 - ₹ 10,69,760/-) towards Stock Options and ₹ (52,452)/- (2019 - ₹ 70,852/-) towards ESAR Units have been recognised as employee benefits expense (Refer Note 15) and the liability on account of ESAR Units is presented under Note 9 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, 2020	As at 31st March, 2019
	No. of Options	No. of Options
Outstanding at the beginning of the year	8,875	9,450
Add: Granted during the year	–	–
Less: Lapsed during the year	–	–
Add / (Less): Movement due to transfer of employees within the group	–	–
Less: Exercised during the year	–	575
Outstanding at the end of the year	8,875	8,875
Options exercisable at the end of the year	7,884	6,151

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 of 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 ₹ 30,48,000.

(ix) The undiscounted minimum lease payments receivable on these leases are as follows:

Term	Lease Payments
Within 1 year	₹ 30,48,000
Between 1-5 years	₹ 9,90,000
Later than 5 years	-

19. Financial Instruments and Related Disclosures

1. 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.

2. Categories of Financial Instruments

(Amount in ₹)

Particulars	Note	As at 31st March, 2020		As at 31st March, 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost i) Cash and cash equivalents	7	40,82,070	40,82,070	17,17,989	17,17,989
Sub - total		40,82,070	40,82,070	17,17,989	17,17,989
b) Measured at fair value through profit or loss i) Investment in mutual funds	5	29,55,47,173	29,55,47,173	27,08,47,011	27,08,47,011
Sub - total		29,55,47,173	29,55,47,173	27,08,47,011	27,08,47,011
Total financial assets		**29,96,29,243**	**29,96,29,243**	27,25,65,000	27,25,65,000
B. Financial liabilities					
a) Measured at amortised cost i) Other financial liabilities	9	1,26,97,089	1,26,97,089	82,16,852	82,16,852
Total financial liabilities		**1,26,97,089**	**1,26,97,089**	82,16,852	82,16,852

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, fixed deposits 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 ₹ 30,00,57,211 (2019 – ₹ 27,27,48,637) including Current Investments, other receivables and, Cash and cash equivalents and Other Current Assets of ₹ 29,96,30,643 (2019 – ₹ 27,25,65,000) against an aggregate Current liability of ₹ 54,48,342 (2019 – ₹ 62,71,422); Non-current liabilities due between one year to three years amount to ₹ 80,29,169 (2019 – ₹ 24,70,852) 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:

(Amount in ₹)

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31st March, 2020	As at 31st March, 2019
A. Financial assets			
a) Measured at fair value through profit or loss			
Investment in mutual funds	1	**29,55,47,173**	27,08,47,011

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 4.

On behalf of the Board

R. TANDON *Chairman* S. DUTTA *Director*
M. SETH *Chief Financial Officer* P. KUMAR *Manager & Company Secretary*

Kolkata, 8th June, 2020

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

Your Directors submit their Report for the financial year ended 31st March, 2020.

FINANCIAL RESULTS

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

	Consolidated(*) ₹ (crores)		Standalone ₹ (crores)	
Year Ended March 31,	**2020**	**2019**	**2020**	**2019**
Total Income	**2268.63**	2019.91	**1560.77**	1238.71
Total Expenses	**1980.29**	1864.51	**1294.44**	1116.39
Profit before Tax	**288.34**	155.40	**266.33**	122.32
Tax Expenses	**78.87**	51.50	**71.64**	45.86
Profit after Tax	**209.47**	103.90	**194.69**	76.46

(*) 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., a wholly owned subsidiary of Infotech USA.

DIVIDEND

Your Directors are pleased to recommend the interim dividend of ₹ 11.75 (2019: ₹ 8.25) per Equity Share of ₹ 10/– each on 8,52,00,000 Equity shares, aggregating ₹ 100,11,00,000/- (Rupees One Hundred Crores Eleven lakhs only), declared by the Board of Directors on 23rd March, 2020, as the final dividend for the financial year ended 31st March, 2020.

BUSINESS REVIEW

The Indian IT Services and Business Process Management (BPM) industry grew by 7.7% in dollar terms in 2019-20, according to NASSCOM estimates.

The year 2019-20 saw a continuation of key trends from the prior year on technology buying patterns of Enterprise clients and consequently on how IT Service providers are adapting themselves. Globally, Enterprise clients across Industry verticals have increased the mainstreaming of digital technologies such as Data analytics, Artificial Intelligence and Cloud-based application platforms and infrastructure to deliver business impact along the dimensions of augmenting revenue streams, increasing operational agility and enhancing customer experience. In this regard, clients are increasingly preferring to work with technology providers who not only can provide expertise in these technologies but also bring sufficient understanding of their domains to deliver this business impact. Clients are also accelerating the use of Automation to optimize resources in technology areas that are involved in providing business as usual services such as application maintenance and support. In this regard, the IT Service providers are continuing to strengthen their capabilities in these digital technology areas of Automation, Data and analytics and Cloud through organic investments and through inorganic interventions such as M&A and partnerships with Independent Software Vendors (ISVs) and startups. Increasing on-site and near shore presence and investments in re-skilling employees in digital technologies have also been key areas of focus of IT Service providers.

In this context, your Company's focus on providing Business friendly solutions to customers in select industry verticals and technology areas has yielded strong revenue growth in 2019-20. Your Company's growth was fuelled by best-in-class double digit growth in the Rest of the World (RoW) geography which was well supplemented by good growth in the mature markets of USA and Europe. Growth in these markets was driven by strong deal wins seen in existing large accounts. Your Company saw good demand in areas such as GIC Services, Data and analytics, Application development and maintenance and Infrastructure services. During the year, your Company also forged new partnerships and strengthened existing partnerships with ISVs and startups in areas such as Automation, Data analytics and Loyalty.

During the year, your Company's consolidated Revenue from Operations was ₹ 2268.63 crores (previous year ₹ 2019.91 crores), representing a growth of 12%, with Profit Before Tax of ₹ 288.34 crores (previous year ₹ 155.40 crores). Net Profit stood at ₹ 209.47 crores (previous year ₹ 103.90 crores).

Your Company's superior service delivery and technology capabilities continue to earn global recognition. During the year, your Company was recognised in the 'Disruptors' category in Avasant's Intelligent Automation RadarView 2019 report amongst the Top 24 service providers globally and was also featured in Gartner's report on Robotic Process Automation Service Providers. In 2019-20, your Company was awarded "Best of The Global Outsourcing 100" service providers by International Association of Outsourcing Professionals (IAOP) and was also featured as a 'Leader' in their 'Global Outsourcing 100' report.

Recent developments because of the COVID-19 pandemic have resulted in significant macro-economic uncertainty for 2020-21. The lockdown and other restrictions imposed by governments across the globe to contain the spread of the virus has had significant impact on the operations of some of your Company's clients in sectors such as Travel and Hospitality. Your Company has taken and will continue to take all necessary and pro-active steps to seamlessly deliver services to the Company's clients, while keeping the well-being of employees of the Company at the center of the business dynamics. In addition, your Company is focused on minimizing the impact of COVID-19 on the Company's performance in 2020-21, by focusing more on the segments of the business, across service lines and Industry verticals, that hold promise in the COVID-19 context.

WHOLLY OWNED SUBSIDIARY COMPANIES

The statement in Form 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., a wholly owned subsidiary of Infotech USA, for the financial year 2019-20 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	
	2019-20	2018-19	**2019-20**	2018-19
Infotech UK (in GBP million)	**49.82**	49.11	**1.23**	1.57
Infotech USA(#) (in US $ million)	**105.12**	96.46	**3.28**	3.65
Indivate Inc. (in US $ million)	**0.50**	0.52	**0.03**	0.03

for the year under review, Infotech USA declared and paid a dividend of US$ 11 per share (previous year: US$ 10 per share) on 1,82,000 Common Shares-without par value aggregating US$ 2.002 million (previous year: US$ 1.82 million).

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in Directors and Key Managerial Personnel during the year

Mr. Yogesh Chander Deveshwar, Chairman and Non-Executive Director of the Company, passed away on 11th May, 2019. Your Directors express their sincere condolences on the demise of Mr. Deveshwar and place on record their deep appreciation for his legendary stewardship of the Company.

The Board of Directors, pursuant to Article 157 of the Articles of Association of the Company, appointed Mr. Sanjiv Puri, Sr. Vice Chairman and Non-Executive Director, as the Chairman of your Company with effect from 17th May, 2019.

Ms. Sheela Gopalakrishna Mukherjee was appointed, with your approval, as Non-Executive Director of the Company, liable to retire by rotation, for a period of three years with effect from 16th September, 2019.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 (the Act) read with Articles 143-145 of the Articles of Association of the Company, Mr. Rajiv Tandon (DIN: 00042227) and Mr. Sanjiv Puri (DIN: 00280529) will retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

BOARD COMMITTEES

Currently, there are three Board Committees – the Audit Committee, the Nomination and Remuneration Committee and the Corporate Social Responsibility Committee. The Terms of Reference of the Board Committees are determined by the Board from time to time. Meetings of the Board Committees are convened by the respective Committee Chairman. Matters requiring the Board's attention / approval, as emanating from the Board Committee meetings, are placed before the Board.

The composition of the Board Committees is provided below:

Audit Committee

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

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. P. Chatterjee.

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 Mr. P. Chatterjee. The Managing Director and the Chief Financial Officer are Invitees to the Committee. The Company Secretary serves as the Secretary to the Committee.

BOARD / BOARD COMMITTEE MEETINGS

The number of Meetings of the Board/Board Committees held during the year under review:

	No. of meetings held
Board	6
Audit Committee	5
Nomination and Remuneration Committee	3
Corporate Social Responsibility Committee	1

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 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, and 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/wp-content/uploads/2018/08/Remuneration-Policy-ITC-Infotech.pdf.

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 Policy and 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.

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, 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 has been made to ensure the optimal use of energy.

During the year under review, your Company has ensured effective recycling of waste paper translating to saving 28 trees, 34 KL of water, 588 units of energy, and 1.4 cubic meters in landfill space.

II. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of your Company during the year were ₹ 105,988/- lakhs (previous year - ₹ 82,346/- lakhs) while the outgoings were ₹ 19,168/- lakhs (previous year - ₹ 16,588/- 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. EXTRACT OF ANNUAL RETURN

As per provisions of Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the extract of the Annual Return in the Form MGT-9 is given in **Annexure 3**, forming part of this Report. The same is available on Company's website and can be accessed at https://www.itcinfotech.com/docs/resources/Form-MGT-9.pdf.

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

The details of material transaction(s) entered into by your Company with its related party(ies) are provided in **Annexure 4** (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 ₹ 5000 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 Financial Statements for the financial year ended 31st March, 2020, 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 Financial Statements for the financial year ended 31st March, 2020, on a going concern basis, and

v. devised proper systems to ensure compliance with the provisions of all 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

Your Company's Auditors Messrs. Deloitte Haskins & Sells LLP, Firm Registration Number 117366W/W-100018 (DHS), Chartered Accountants, were appointed at the 21st Annual General Meeting held on 28th July, 2017, for a period of 5 (five) years to hold office until the conclusion of the 26th Annual General Meeting.

The Board, in terms of Section 142 of the Act and on the recommendation of the Audit Committee, has recommended for the approval of the Members the remuneration to DHS to conduct the audit of the Standalone Financial Statements and Consolidated Financial Statements for the financial year 2020-21.

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

(b) Secretarial Auditor

The existing Secretarial Auditors, Messrs. K. Dushyantha & Associates have undertaken audit for five financial years. In terms of the Company's policy on rotation of Secretarial Auditors, your Board appointed Ms. Medha Gokhale, CP No.-15494, Practicing Company Secretary, to conduct the secretarial audit of your Company for the financial year ended 31st March, 2020. The report of Ms. Medha Gokhale, in terms of Section 204 of the Act is provided in **Annexure 5** to this Report.

SECRETARIAL STANDARDS

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

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

Your Company 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 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, three complaints were received by the Internal Complaints Committee and all three have been investigated and dealt with.

ACKNOWLEDGEMENTS

Your Directors thank the customers and vendors for their continued support. Your Directors place on record their appreciation of the vital contribution made by employees at all levels and their unstinted support, hard work, solidarity and co-operation.

On behalf of the Board

	S. Sivakumar	**S. Singh**
	Vice Chairman	Managing Director
Date: 18th June, 2020	Hyderabad	Bengaluru

ANNEXURE 1 TO THE REPORT OF THE BOARD OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2020

[Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	ITC Infotech India Limited (ITC Infotech) being a wholly owned subsidiary of ITC Limited (ITC) will discharge its corporate social responsibility by aligning itself with the Corporate Social Responsibility (CSR) Policy of ITC. The Company will: ✓ undertake CSR activities in areas or subjects specified in Schedule VII of the Companies Act, 2013 (Act); ✓undertake CSR activities through a registered trust or a registered society or a company established under Section 8 of the Act by ITC; ✓contribute to the Corpus of a registered trust or a registered society or a company established under Section 8 of the Act by ITC where (i) such trust / society / company is created exclusively for undertaking CSR activities or (ii) where the Corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act, and ✓collaborate with ITC for undertaking CSR activities. CSR Policy is also available on the Company's website at : https://www.itcinfotech.com/wp-content/uploads/2018/05/corporate-socialresponsibility-policy.pdf
2.	Composition of the CSR Committee	Mr. S. Sivakumar (Chairman of the Committee) Mr. B. B. Chatterjee Mr. P. Chatterjee
3.	Average net profits of the Company for last three financial years	₹ 605,036,891/-
4.	Prescribed CSR Expenditure (two percent of the amount stated under 3 above)	₹ 12,100,738/-
5.	Details of CSR spent during the financial year (a) Total amount to be spent for the financial year (b) Amount unspent, if any (c) Manner in which the amount spent during the financial year is detailed below:	 ₹ 122 lakhs NIL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Contribution to the Corpus of ITC Education Trust, Kolkata	Advancement and Promotion of General Education [covered under Clause (ii) of Schedule VII to the Companies Act, 2013].	N.A	₹ 122 lakhs	₹ 122 lakhs	₹ 122 lakhs	Implementing Agency – ITC Education Trust, Kolkata

The CSR Committee of the Board has confirmed that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and Policy of the Company.

Date: 18th June, 2020	**S. Sivakumar** Chairman - CSR Committee Hyderabad	**S. Singh** Managing Director Bengaluru

ANNEXURE 2 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
KUMAR VISHAL #	49	President - ROW	53277193	53277193	B.E.	27	13-Jan-03	PSI Data Systems Ltd. Sales & Marketing Manager
SREENIVASAN. V (retired during the year)	57	President - IT Services	19178067	12493467	M.TECH.	35	1-Oct-00	ITC Ltd., Head Software Development Centre
KSHETRAPAL ADITYA	43	Vice President - Business Development	18471060	11877684	M.B.A.	19	10-Nov-14	Capgemini India Private Ltd. Senior Manager
SINGH SUDIP	47	Managing Director & Chief Executive Officer	18080524	9384973	M.B.A.	22	28-Jan-19	Infosys Ltd. Global Industry Head - Energy, Utilities, Resources & Services Segment
OCHANI ANUP #	43	General Manager - Business Development	17359438	17359438	B.E.	22	12-Nov-07	Aptiva Consulting Project Manager
BATRA RAKESH ###	56	Chief Financial Officer	15453218	7286767	B.COM(H), FCA	34	1-Sep-06	–
PARALIKAR SALIL RAJEEV #	43	General Manager - Business Development	14804995	9863285	B.TECH.	21	19-Nov-09	Wipro Project Manager
VENKATRAMAN SRINIVAS ##	40	General Manager - Business Development	14621556	8264115	B.E.	19	1-Oct-14	Suntec Business Solutions Sales Director
RAO KOVVURU VISHAL # (separated from the services of the Company)	40	General Manager - Business Development	13846441	9180661	M.B.A.	17	15-Dec-10	Invest Northern Ireland Director Business Development
AKHAURY UMANG #	38	Senior Manager - Business Development	12751922	7205793	M.B.A.	13	08-Nov-15	Tata Consultancy Services Business Development Manager

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	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
MALHOTRA HIMANSHU #	35	Senior Manager - Business Development	12464303	12464303	B.TECH.	12	14-Feb-08	-
SEN ARIJEET ##	37	General Manager - Business Development	12054616	7907505	M.B.A.	15	01-Nov-16	Larsen & Toubro Technology Services Ltd. Senior Business Development Manager
AKHTAR SHARIB #	42	Senior Manager - Business Development	11818684	11818684	M.B.A.	17	01-Mar-13	JP Morgan Chase Associate Program Manager
CHATTERJEE DEBASISH	50	Senior Vice President -Digital Experience	11464087	7421541	M.S	25	26-Sep-16	Value Labs Vice President - Digital Solutions
ALUVALA VEMENDER	33	Manager - Business Development	11444293	7631857	M.B.A.	10	04-Feb-16	Infinite Computer Solutions Assistant Manager
PATNI MUDIT ##	39	General Manager - Business Development	11144008	7625781	PGDM	16	01-Feb-19	Rockwell Automation Business Development Manager
AGARWAL VINEET #	42	Senior Manager - Business Development	11092781	11092781	M.B.A.	21	24-Oct-12	Infogain Senior Manager Business Development
KUMAR SANDEEP	49	Senior Vice President - IT Services	11071595	7070798	M.B.A.	24	26-Mar-12	Infosys, Industry Principal
KUMAR SINHA PANKAJ #	48	Senior Manager - Business Development	11030115	6406261	M.B.A.	20	11-Apr-13	Intertec Systems LLCMajor Account Manager
RAJESH B.A.B #	52	General Manager - IT Services	10949758	7240501	B.Sc.	28	12-Jan-10	Bristlecone India Ltd. Manager - Delivery
VEDANTH SHARMA GAURAV #	36	Senior Account Manager	10595372	6949887	M.B.A.	13	02-May-12	HCL Manager
NATU PRASAD	52	Senior Vice President - IT Services	10503181	6784327	B.Sc.	30	06-Nov-02	MPHASIS BFL LTD Manager - Business Devel-opment

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	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
TALWAR ANAND	61	Senior Vice President	10339686	6049657	M.B.A.	35	9-Apr-01	Reliance Telecom Ltd Vice President - HRM
S.G VENKATESH	50	Senior Vice President - IT Services	9641519	6401901	M.B.A.	27	26-Sep-16	Infosys Associate Project Manager
RANADE AJIT ##	45	Senior Manager - Business Development	6632816	3170173	M.E	18	18-Apr-16	Capgemini Business Development Manager
N.K. KRISHNAN SANTOSH ##	45	Senior Manager - Key Accounts	5653346	5653346	M.B.A.	20	31-Jan-13	Core Dynamics General Manager - Sales
GHOSH DEEPANKAR	58	Senior Vice President - IT Services	4923022	3652614	B.TECH.	35	8-Jun-05	Geometric Software Head Engineering
PAUL DEBJYOTI	47	President - IT Services	3548173	2534109	PGDM	22	30-Dec-19	Microsoft Architect Manager
GHOSH TAPAS	**58**	**Vice President - IT Services**	**3178032**	**2490124**	**M.TECH.**	**33**	**1-Jul-01**	**ITC Ltd., Head Corporate IT Purchase Committee**
VAKKALAGADDA SRIDHAR ##	43	Senior Project Manager	2560373	1569320	M.C.A	16	2-Jan-20	Tata Consultancy Services Ltd., Program Manager
SHANKARAN SUNDARESH	50	President - IT Services	2475704	1850790	B.E.	29	6-Jan-20	Infosys Vice President
SRINATH SUDARSHAN	55	Vice President - IT Services	2250677	1783235	M.S.	29	7-Feb-17	ANTZ MCS Private Limited Director & Partner
CHAUDHARY ROHIT	35	Account Manager	1962759	1570257	PGDM	11	23-Jan-14	Infinite Computer Solutions Team Lead
RAJAGOPALAN SUSHMA	56	-	1703375	1313236	M.B.A.	35	1-Aug-14	LiquidHub Inc. Global Partner
SRIRAM. D	58	Delivery Manager	1103800	1032442	PGDBA	34	17-Jun-04	Lakshmi Machine Works Ltd Assistant 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 effectiveness pay, allowances, incentives, severance pay, joining bonus, other benefits/applicable perquisites except contribution to the approved Pension and Gratuity Funds under the defined benefit schemes 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 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) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to deputed employee(s) 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(s) by grant of such Options / Units, 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	**S. Singh**
Date: 18th June, 2020	Vice Chairman	Managing Director
	Hyderabad	Bengaluru

ANNEXURE 3 TO THE REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	:	U65991WB1996PLC077341
ii) Registration Date	:	16th February, 1996
iii) Name of the Company	:	ITC Infotech India Limited
iv) Category / Sub–Category of the Company	:	Public Company / Limited by shares
v) Address of the Registered office and contact details	:	Virginia House 37 J. L. Nehru Road, Kolkata 700 071, West Bengal, India Phone: +91–33–2288 9900 E–mail: secretarial.i3l@itcinfotech.com
vi) Whether listed company Yes / No	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company:–

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1.	Computer programming, consultancy and related activities	620	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	NAME AND ADDRESS OF THE COMPANY / CORPORATION	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held in / by the Company	Applicable Section of the Companies Act, 2013
1.	ITC Limited Virginia House 37 J. L. Nehru Road, Kolkata – 700071	L16005WB1910PLC001985	Holding	100.00	2(46)
2.	ITC Infotech (USA), Inc. 12 Route, 17 North, Suite 303, Paramus, New Jersey 07652, United States of America	N.A	Subsidiary	100.00	2(87)(ii)
3.	ITC Infotech Limited Building 5, Caldecotte Lake Drive Caldecotte, Milton Keynes Buckinghamshire England, MK7 8LF	N.A	Subsidiary	100.00	2(87)(ii)
4.	Indivate Inc. 820, Bear Tavern Road, West Trenton, New Jersey 08628 United States of America	N.A	Subsidiary	*100.00* *ITC Infotech (USA), Inc. holds the entire share capital*	2(87)(ii)(a)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) ***Category–wise Shareholding***

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	–	–	–		–	–	–	–	N.A
b) Central Govt	–	–	–		–	–	–	–	N.A
c) State Govt (s)	–	–	–		–	–	–	–	N.A
d) Bodies Corp.	–	8,52,00,000	8,52,00,000	100.00	–	8,52,00,000	8,52,00,000	100.00	Nil
e) Banks / FI	–	–	–		–	–	–	–	N.A
f) Any Other	–	–	–		–	–	–	–	N.A
Sub–total (A)(1):–	–	8,52,00,000	8,52,00,000	100.00	–	8,52,00,000	8,52,00,000	100.00	Nil
(2) **Foreign**									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	N.A
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A
d) Banks / FI	–	–	–	–	–	–	–	–	N.A
e) Any Other	–	–	–	–	–	–	–	–	N.A
Sub–total (A)(2):–	–	–	–	–	–	–	–	–	N.A
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**8,52,00,000**	**8,52,00,000**	**100.00**	**–**	**8,52,00,000**	**8,52,00,000**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A
b) Banks / FI	–	–	–	–	–	–	–	–	N.A
c) Central Govt	–	–	–	–	–	–	–	–	N.A
d) State Govt(s)	–	–	–	–	–	–	–	–	N.A
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A
g) FIIs	–	–	–	–	–	–	–	–	N.A
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A
i) Others (specify)	–	–	–	–	–	–	–	–	N.A
Sub–total (B)(1):–	–	–	–	–	–	–	–	–	N.A
2. Non–Institutions	NOT APPLICABLE								

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a) Bodies Corp									
i) Indian	–	–	–	–	–	–	–	–	N.A
ii) Overseas	–	–	–	–	–	–	–	–	N.A
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)	–	–	–	–	–	–	–	–	N.A
Sub–total (B)(2):–	–	–	–	–	–	–	–	–	N.A
Total Public Shareholding (B)=(B)(1)+(B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A
Grand Total (A+B+C)	**–**	**8,52,00,000**	**8,52,00,000**	**–**	**–**	**8,52,00,000**	**8,52,00,000**	**100.00**	**Nil**

(ii) *Shareholding of Promoters*

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / en-cumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / en-cumbered to total shares	
1	ITC Limited	8,52,00,000	100.00	Nil	8,52,00,000	100.00	Nil	Nil

(iii) *Change in Promoters' Shareholding*

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Share-holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.				
	At the end of the year				

(iv) ***Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):*** *Not applicable*

(v) ***Shareholding of Directors and Key Managerial Personnel:*** *None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.*

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment – NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and/or Manager: Amount in (₹ lakhs)

Sl. No.	Particulars of Remuneration	Sudip Singh Managing Director & CEO
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income–tax Act, 1961	164.37
	(b) Value of perquisites under Section 17(2) of the Income–tax Act, 1961	1.17
	(c) Profits in lieu of salary under Section 17(3) of the Income–tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission – as % of profit – others, specify	–
5.	Others, please specify	–
	Total (A)	165.54
	Ceiling as per the Companies Act, 2013 (5% of the net profits of the Company computed in accordance with Section 198 of the said Act.)	1,349.60

B. Remuneration to other Directors - Amount in (₹ lakhs)

Sl. No.	Particulars of Remuneration	Name of Director
1.	Independent Directors	NIL
2.	Non–Executive Directors	Partho Chatterjee
	• Fee for attending Board / Committee meetings	3.00
	• Commission	NIL
	• Others, please specify	NIL
	Total (B)	**3.00**
	Total Managerial Remuneration (A+B)	**168.54**
	Overall Ceiling as per the Companies Act, 2013 (11% of the net profits of the Company computed in accordance with Section 198 of the said Act)	**2,969.12**

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD Amount in (₹ lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Rakesh Batra (Chief Financial Officer)**	Sanjay V Shah (Company Secretary)**	Total
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income–tax Act, 1961	128.47	75.77	204.24
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	21.39	13.05	34.44
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – as % of profit – others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total	**149.86**	**88.82**	**238.68**

**1. On deputation from ITC Ltd., the holding company (ITC); remuneration borne by the Company as per the terms of deputation of services.

**2. 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) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon them by grant of such Options / Units, and accordingly the said grants have not been considered as remuneration.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Company / Directors / Other Officers in Default under the Companies Act, 2013 - None.

On behalf of the Board

Date: 18th June, 2020

S. Sivakumar
Vice Chairman
Hyderabad

S. Singh
Managing Director
Bengaluru

ANNEXURE 4 TO THE REPORT OF THE BOARD OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

FORM AOC–2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: **None**
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	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 – Monthly invoicing; payment upon receipt of invoice – Value of transactions during the year – ₹ 17,397 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, UK (Subsidiary)**
b)	Nature of contracts / arrangements / transactions	Sale of IT Services
c)	Duration of the contracts / arrangements / transactions	Continuing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	– Subcontracting of execution and management of customer contracts – Pricing based on arm's length margin – Periodic invoicing; payment within 90 days – Value of transactions during the year – ₹ 19,002 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 – Periodic invoicing; payment within 90 days – Value of transactions during the year – ₹ 28,990 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	Not exceeding three years commencing from the date of first disbursement of the loan
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	– Simple Interest payable at 8.75% 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 21st October, 2019 (Audit Committee - Renewal)
f)	Amount paid as advances, if any	Nil

On behalf of the Board

	S. Sivakumar	**S. Singh**
Date: 18th June, 2020	Vice Chairman	Managing Director
	Hyderabad	Bengaluru

ANNEXURE 5 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

FORM MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by **M/s. 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, 2020**, 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, 2020, 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 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
ACS No.: 32735
UDIN: A032735B000353101
Date: 18th June, 2020
Place: Bengaluru

Annexure A

To,
The Members,
M/s. 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, 2020, 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, 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
ACS No.: 32735
UDIN: A032735B000353101
Date: 18th June, 2020
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, 2020, 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 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, 2020, 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 standalone 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 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 (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 obtained at the date of this auditor's report is Board's Report along with Annexures but does not include the standalone financial statements and our auditor's report 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, 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 standalone financial statement 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 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 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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, 2020 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2020.

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

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 LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Anand Subramanian
Partner
(Membership No. 110815)
UDIN - 20110815AAAAAZ5962

Place: Bengaluru
Date: June 10, 2020

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, 2020 in conjunction with our audit of the standalone 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". 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, 2020, 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 - 20110815AAAAAZ5962

Place: Bengaluru
Date: June 10, 2020

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)

(i) In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the fixed 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, the fixed assets 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 of freehold or leasehold land and building. In respect of immovable property of building that have been taken on lease and disclosed as fixed asset in the standalone financial statements, the lease agreements are in the name of the Company.

(ii) The Company is in the business of providing information technology and does not have any physical inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) The Company has not accepted any deposit during the year and did not have unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Act for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Wealth Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) Detail of dues of Service Tax which have not been deposited as on March 31, 2020 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 (Rs. in lakhs)
Finance Act, 1994	Service tax including interest and penalty	CESTAT	April 1, 2007 to June 30, 2011	117*
Finance Act, 1994	Service tax including penalty	Commissioner	July 1, 2011 to June 30, 2017	340#

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

#Net of amount deposited under protest Rs. 16.78 lakhs.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

(ix) 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 3(ix) of the Order is not applicable to the Company.

(x) 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.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act and Note 35 to the standalone financial statements.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the 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) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(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 them and hence provisions of Section 192 of the Act 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.

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

Anand Subramanian
Partner
(Membership No. 110815)
UDIN - 20110815AAAAAZ5962

Place: Bengaluru
Date: June 10, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

	Note No.	As at 31st March, 2020 (₹ in Lakhs)	As at 31st March, 2019 (₹ in Lakhs)
I ASSETS			
1 Non-current Assets			
(a) Property, Plant and Equipment	2	4,438	3,466
(b) Right-of-Use Assets	2	366	–
(c) Other Intangible Assets	2	562	482
(d) Financial Assets			
(i) Investments	3 (a)	8,704	8,704
(ii) Loans	4 (a)	3	12
(iii) Others	5 (a)	144	144
(e) Deferred Tax Assets (Net)	8	1,940	2,702
(f) Other Non-Current Assets	9 (a)	2,560	1,747
Sub-Total		18,717	17,257
2 Current Assets			
(a) Financial Assets			
(i) Investments	3 (b)	15,101	14,011
(ii) Trade Receivables	6	23,095	18,768
(iii) Cash and Cash Equivalents	7	1,219	363
(iv) Loans	4 (b)	3	–
(v) Others	5 (b)	14,017	7,497
(b) Other Current Assets	9 (b)	1,906	1,282
Sub-Total		55,341	41,921
TOTAL		74,058	59,178
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	10	8,520	8,520
(b) Other Equity		45,012	37,097
Sub-Total		53,532	45,617
2 Non-current Liabilities			
(a) Financial Liabilities			
(i) Lease Liability		98	–
(ii) Others	11 (a)	550	22
(b) Provisions	12 (a)	1,745	1,635
Sub-Total		2,393	1,657
3 Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payable and Accrued expenses			
- Total outstanding dues of micro and small enterprises		244	108
- Total outstanding dues other than micro and small enterprises		5,457	2,783
(ii) Lease Liability		285	–
(iii) Others	11 (b)	9,284	6,745
(b) Other Current Liabilities	13	1,477	1,329
(c) Provisions	12 (b)	1,386	939
Sub-Total		18,133	11,904
TOTAL		74,058	59,178

The accompanying notes 1 to 36 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

Anand Subramanian
Partner
Membership Number : 110815

Place : Bengaluru
Date : 10 June, 2020

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
St. Louis, USA

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

		Note No.	For the year ended 31st March, 2020 (₹ in Lakhs)	For the year ended 31st March, 2019 (₹ in Lakhs)
I	**Revenue from Operations**	14	152,987	121,268
II	**Other Income**	15	3,090	2,603
III	**Total Income**		156,077	123,871
IV	**Expenses**			
	Employee Benefits Expense	16	95,876	81,201
	Finance Costs	17	39	–
	Depreciation and Amortisation Expense	2	1,737	1,786
	Other Expenses	18	31,792	28,652
	Total Expenses		129,444	111,639
V	**Profit Before Tax (III-IV)**		26,633	12,232
VI	**Tax Expenses**	19 (a)		
	Current Tax		6,312	5,393
	Deferred Tax Charge/ (Credit)		852	(807)
			7,164	4,586
VII	**Profit for the Year (V-VI)**		19,469	7,646
VIII	**Other Comprehensive Income**			
	(a) Items that will not be Reclassified Subsequently to Profit or Loss			
	- Remeasurement of Net Defined Benefit Liability	24 (b)	(359)	359
	- Less: Tax Relating to Items that will not be reclassified subsequently to Profit or Loss	19 (b)	(90)	125
	(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		(269)	234
IX	**Total Comprehensive Income for the Year (VII+VIII)**		19,200	7,880
X	**Earnings Per Share (in ₹) (Face value ₹ 10 each)** (Basic and Diluted)	25	22.85	8.97

The accompanying notes 1 to 36 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

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
St. Louis, USA

Place : Bengaluru
Date : 10 June, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity Share Capital (₹ in Lakhs)

Balance at 1st April, 2018	Changes in Equity Share Capital during the year	Balance at 31st March, 2019	Changes in Equity Share Capital during the year	Balance at 31st March, 2020
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, 2018	25,361	10,148	35,509
- Profit for the Year	7,646	-	7,646
- Remeasurement of Net Defined Benefit Liability (Net of Tax)	234	-	234
Total Comprehensive Income	**7,880**	-	**7,880**
- Payment of Dividend @ ₹ 8.25/- per share on 85,200,000 Shares	(7,029)	-	(7,029)
- Dividend Distribution Tax	(1,178)	-	(1,178)
- Recognition of Share Based Payment (refer note 27)	-	1,915	1,915
- Options Lapsed during the Year	55	(55)	-
Balance as at 31st March, 2019	**25,089**	**12,008**	**37,097**
- Profit for the Year	19,469	-	19,469
- Remeasurement of Net Defined Benefit Liability (Net of Tax)	(269)	-	(269)
Total Comprehensive Income	**19,200**	-	**19,200**
- Payment of Dividend @ ₹ 11.75/- per share on 85,200,000 Shares	(10,011)	-	(10,011)
- Dividend Distribution Tax	(1,764)	-	(1,764)
- Recognition of Share Based Payment (refer note 27)	-	490	490
- Options Lapsed during the Year	528	(528)	-
Balance as at 31st March, 2020	**33,041**	**11,971**	**45,012**

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 36 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

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
St. Louis, USA

Place : Bengaluru
Date : 10 June, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

			For the year ended 31st March, 2020 (₹ in Lakhs)		For the year ended 31st March, 2019 (₹ in Lakhs)	
A	**CASH FLOW FROM OPERATING ACTIVITIES :**					
	PROFIT BEFORE TAX			26,633		12,232
	ADJUSTMENTS FOR :					
		Depreciation and Amortisation Expense	1,737		1,786	
		Dividend Income from Subsidiary Company	(1,420)		(1,256)	
		Net Gain on Sale of Investments	(927)		(621)	
		Property, Plant and Equipment - (Gain) / Loss on Sale / Discarded (net)	86		32	
		Unrealised (Gain) / Loss on Exchange (net)	(233)		317	
		Share based Payments to Employees	336		1,440	
		Provision for Doubtful Receivables and Advances	417		527	
		Finance Costs	39		–	
		Liabilities no Longer Required Written Back	(408)	(373)	(232)	1,993
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			26,260		14,225
	ADJUSTMENTS FOR :					
		Trade Receivables, Loans and Advances and Other Assets	(11,367)		1,761	
		Trade Payables, Other Liabilities and Provisions	6,404	(4,963)	4,200	5,961
	CASH FROM OPERATIONS			21,297		20,186
		Income Tax Paid (Net)		(7,047)		(3,726)
	NET CASH FROM OPERATING ACTIVITIES			14,250		16,460
B	**CASH FLOW FROM INVESTING ACTIVITIES :**					
		Purchase of Property, Plant and Equipment	(2,601)		(846)	
		Purchase of Current Investments	(207,301)		(165,600)	
		Sale / Redemption of Current Investments	207,138		155,814	
		Sale of Property, Plant and Equipment	14		3	
		Dividend Income from Subsidiary Company	1,420		1,256	
	NET CASH (USED) IN INVESTING ACTIVITIES			(1,330)		(9,373)
C	**CASH FLOW FROM FINANCING ACTIVITIES :**					
		Interim Dividend on Equity Shares	(10,011)		(7,029)	
		Dividend Distribution Tax	(1,764)		(1,178)	
		Lease Payments	(312)		–	
	NET CASH (USED) IN FINANCING ACTIVITIES			(12,087)		(8,207)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			834		(1,120)
	OPENING CASH AND CASH EQUIVALENTS			311		1,431
	CLOSING CASH AND CASH EQUIVALENTS			1,145		311
	CASH AND CASH EQUIVALENTS COMPRISE :					
		Cash and Cash Equivalents as above	1,145		311	
		Unrealised Gain on Foreign Currency Cash and Cash Equivalents	74		52	
		Cash and Cash Equivalents (Note 7)		1,219		363

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 36 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 : 10 June, 2020

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
St. Louis, USA

NOTES TO THE FINANCIAL STATEMENTS

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 :

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, 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. 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.

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

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

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

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

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

e) Intangible Assets

Intangible assets represent 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' residual values and 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

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 Statement of Profit and Loss immediately.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 default 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: 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

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 and Goods and Services 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.

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

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

Amounts received or billed in advance of services performed are treated as unearned revenue (contract liability). Unbilled revenue (contract asset) represents amounts recognised based on services performed in advance of billing in accordance with contract terms.

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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.

Transition:

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability. In line with the transition provision, comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted. On Transition, the adoption of the new standard resulted in recognition of ‘Right-of-Use’ assets of ₹ 653 Lakhs and a lease liability of ₹ 653 Lakhs. The Company has applied the practical expedient to not recognise the Right-of-Use assets and lease liabilities for leases with less than 12 months of lease term on the date of initial application. The weighted average incremental borrowing rate of 7.31% has been applied to lease liabilities recognised in the Balance Sheet at the date of initial application.

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.

The Company has exercised the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. The net impact of the same is not material.

o) Dividend Distribution

Dividends paid (including income tax thereon, as applicable) 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2 : PROPERTY, PLANT AND EQUIPMENT, OTHER INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS - FY 2019-20 (₹ in Lakhs)

	DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
		As at 1st April, 2019	Additions	Withdrawals / Adjustments	As at 31st March, 2020	As at 1st April, 2019	Charge for the Year	Withdrawals/ Adjustments	As at 31st March, 2020	As at 31st March, 2020	As at 1st April, 2019
(i)	TANGIBLE ASSETS										
	Leasehold Properties - Building Improvement	806	117	–	923	806	6	–	812	111	–
	Plant and Equipment	392	46	–	438	99	53	–	152	286	293
	Furniture and Fixtures	994	63	120	937	423	114	60	477	460	571
	Motor Vehicles	9	–	–	9	6	1	–	7	2	3
	Office Equipment	805	56	6	855	572	79	5	646	209	233
	Computers, Servers and Networks	4,090	1,668	358	5,400	2,564	740	319	2,985	2,415	1,526
	Electrical Installations and Equipment	1,415	324	–	1,739	575	209	–	784	955	840
	SUB TOTAL	8,511	2,274	484	10,301	5,045	1,202	384	5,863	4,438	3,466
(ii)	INTANGIBLE ASSETS										
	Capitalised Software	2,626	327	–	2,953	2,144	247	–	2,391	562	482
	SUB TOTAL	2,626	327	–	2,953	2,144	247	–	2,391	562	482
(iii)	Right-of-Use Assets										
	Right-of-Use Assets-Buildings [Refer Note 1(m)]	653	–	(3)	656	–	288	(2)	290	366	–
	SUB TOTAL	653	–	(3)	656	–	288	(2)	290	366	–
	GRAND TOTAL	11,790	2,601	481	13,910	7,189	1,737	382	8,544	5,366	3,948

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.

2 : PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS - 2018-19 (₹ in Lakhs)

	DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
		As at 1st April, 2018	Additions	Withdrawals / Adjustments	As at 31st March, 2019	As at 1st April, 2018	Charge for the Year	Withdrawals/ Adjustments	As at 31st March, 2019	As at 31st March, 2019	As at 1st April, 2018
(i)	TANGIBLE ASSETS										
	Leasehold Properties - Building Improvement	824	–	18	806	620	204	18	806	–	204
	Plant and Equipment	397	6	11	392	78	30	9	99	293	319
	Furniture and Fixtures	985	10	1	994	314	109	–	423	571	671
	Motor Vehicles	11	–	2	9	5	2	1	6	3	6
	Office Equipment	763	75	33	805	477	122	27	572	233	286
	Computers, Servers and Networks	3,702	595	207	4,090	2,083	664	183	2,564	1,526	1,619
	Electrical Installations and Equipment	1,321	95	1	1,415	420	155	–	575	840	901
	SUB TOTAL	8,003	781	273	8,511	3,997	1,286	238	5,045	3,466	4,006
(ii)	INTANGIBLE ASSETS										
	Capitalised Software	2,468	158	–	2,626	1,644	500	–	2,144	482	824
	SUB TOTAL	2,468	158	–	2,626	1,644	500	–	2,144	482	824
	GRAND TOTAL	10,471	939	273	11,137	5,641	1,786	238	7,189	3,948	4,830

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.

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
3. INVESTMENTS		
3 (a) Non-Current		
In Subsidiaries		
Investments in Equity Instruments- (At Cost) Unquoted		
ITC Infotech Limited (UK) 685,815 (2019 - 685,815) Equity Shares of GBP 1 each, fully paid	687	687
ITC Infotech (USA), Inc. 182,000 (2019 - 182,000) Ordinary Shares without par value, fully paid	8,017	8,017
Total	8,704	8,704
3 (b) Current		
Investment in Mutual Funds - Unquoted		
Nippon India Overnight Fund - 6,445,869 Units (2019 - Nil Units) of ₹ 100 Each	6,900	–
DSP Overnight Fund - 646,486 Units (2019 - Nil Units) of ₹ 1,000 Each	6,901	–
UTI Overnight Fund - 47,928 Units (2019 - Nil Units) of ₹ 1,000 Each	1,300	–
ICICI Prudential Liquid Fund - Nil Units (2019 - 1,786,373 Units)of ₹ 100 Each	–	4,920
Aditya Birla Sun life Liquid Fund - Nil Units (2019 - 1,385,601 Units)of ₹ 100 Each	–	4,143
SBI Liquid Fund - Nil Units (2019 - 169,656 Units) of ₹ 1,000 Each	–	4,948
Total	15,101	14,011

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
4 LOANS		
4 (a) Non-Current		
Loans to Employees		
– Unsecured, Considered Good	3	12
Total	3	12
4 (b) Current		
Loans to Employees		
- Unsecured, Considered Good	3	–
- Unsecured, Considered Doubtful	22	22
	25	22
Less : Allowance for Doubtful Loans	(22)	(22)
Total	3	–
5 OTHER FINANCIAL ASSETS		
5 (a) Non-Current		
Security Deposits (includes deposits for Company accommodations, offices etc.)	144	144
Total	144	144

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
5 (b) Current		
Unbilled Revenue - time and material basis *	13,685	6,982
Security Deposits (includes deposits for Company accommodations, offices etc.)	78	90
Foreign Currency Forward Contracts	129	235
Advances (includes advance to employees)		
- Considered Good	125	190
- Considered Doubtful	35	35
	160	225
Less : Allowance for Doubtful Advances	(35)	(35)
Total	14,017	7,497

* Right to consideration is unconditional upon passage of time

	As at 31st March, 2020	As at 31st March, 2019
6 TRADE RECEIVABLES		
Unsecured, Considered Good	23,095	18,768
Unsecured, Considered Doubtful	702	723
	23,797	19,491
Less: Allowance for Doubtful Receivables	(702)	(723)
Total	23,095	18,768
7 CASH AND CASH EQUIVALENTS *		
Balances with Banks :		
Current Accounts	1,219	363
Total	1,219	363

* 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, 2020	As at 31st March, 2019
8 DEFERRED TAX ASSETS (NET)		
Deferred Tax Assets	1,940	2,719
Less: Deferred Tax Liabilities	0	17
Deferred Tax Assets (Net)	1,940	2,702

Movement in Deferred Tax

	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
FY 2019-20				
Deferred Tax Assets :				
On provision for employees' separation and retirement etc.	1,279	(676)	90	693
On provision for doubtful receivables and advances	279	(88)	–	191
On fiscal allowances on property, plant and equipment	897	(281)	–	616
Other timing differences	264	176	–	440
Total Deferred Tax Assets	2,719	(869)	90	1,940
Deferred Tax Liabilities :				
Other timing differences	17	(17)	–	0
Total Deferred Tax Liabilities	17	(17)	–	0
Deferred Tax Assets (Net)	2,702	(852)	90	1,940

	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
FY 2018-19				
Deferred Tax Assets :				
On provision for employees' separation and retirement etc.	894	510	(125)	1,279
On provision for doubtful receivables and advances	104	175	–	279
On fiscal allowances on property, plant and equipment	748	149	–	897
Other timing differences	274	(10)	–	264
Total Deferred Tax Assets	2,020	824	(125)	2,719
Deferred Tax Liabilities :				
Other timing differences	–	17	–	17
Total Deferred Tax Liabilities	–	17	–	17
Deferred Tax Assets (Net)	2,020	807	(125)	2,702

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
9 OTHER ASSETS		
9 (a) Non-Current		
Advances other than Capital Advances		
Advances with Statutory Authorities	84	66
Other Advances (Unexpired Expenses)	141	82
Advance Tax (Net of Provision for Income Tax)	2,335	1,599
Total	2,560	1,747
9 (b) Current		
Unbilled Revenue - percentage of completion *	926	614
Advances other than Capital Advances		
Advances with Statutory Authorities	19	19
Other Advances (includes prepaid expenses)	961	649
Total	1,906	1,282

*Contractual right to consideration is dependent on completion of contractual milestones.

	As at 31st March, 2020	As at 31st March, 2019
10 EQUITY SHARE CAPITAL		
Authorised:		
86,000,000 (2019 - 86,000,000) Equity Shares of ₹10 each	8,600	8,600
Issued and subscribed :		
85,200,000 (2019 - 85,200,000) Equity Shares of ₹10 each, fully paid	8,520	8,520
(All equity shares are held by ITC Limited, the Holding Company. The Equity Shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including entitlement to dividend)		
Total	8,520	8,520
11 OTHER FINANCIAL LIABILITIES		
11 (a)Non- Current		
Employee Payable	540	–
ESAR Liability	10	22
Total	550	22
11 (b)Current		
Employee Payable	8,701	6,491
Foreign Currency Forward Contracts	412	23
Other Liabilities [includes payables for property, plant and equipment ₹ 152 Lakh (2019 - ₹ 153 Lakh)]	171	231
Total	9,284	6,745
12 PROVISIONS		
12 (a)Non- Current		
Provision for Employee Benefits*		
Retirement Benefits	451	512
Compensated Absences	1,294	1,123
Total	1,745	1,635
12 (b)Current		
Provision for Employee Benefits*		
Retirement Benefits	935	498
Compensated Absences	451	441
Total	1,386	939

*Includes provision for pension, gratuity and compensated absences. For details refer note 24.

	As at 31st March, 2020	As at 31st March, 2019
13 OTHER CURRENT LIABILITES		
Statutory Dues	868	647
Inter-company payable (Refer to Note 33)	186	471
Unearned Revenue	423	139
[Out of last year's amount of ₹ 139 Lakhs, revenue recognised in current year is ₹ 136 Lakhs]		
Advances from Customers	–	72
Total	1,477	1,329

(₹ in Lakhs)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
14 REVENUE FROM OPERATIONS		
Sale of Services*		
Exports	104,453	80,888
Domestic	47,768	39,163
Resale of Software and Hardware (including Support Charges)		
Exports	115	202
Domestic	651	1,015
Total	152,987	121,268

* For disaggregated revenues from contracts with customers by geography, please refer Note 32 on Segment Reporting

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

		For the year ended 31st March, 2020	For the year ended 31st March, 2019
15	**OTHER INCOME**		
	Dividend Income	1,420	1,256
	Other Gains	1,229	1,007
	Miscellaneous Income	441	340
	Total	3,090	2,603
	Dividend income comprises dividend from:		
	Investment in Subsidiary Company	1,420	1,256
		1,420	1,256
	Other Gains		
	Net Foreign Exchange Gains	302	386
	Net Gain on Investments [includes unrealised gain/(loss): ₹ (38 Lakhs) (2019 - ₹ 34 Lakhs)]	927	621
		1,229	1,007
16	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries and Bonus	89,976	74,973
	Contribution to Provident and Other Funds (Refer Note 24)	3,608	3,220
	Share based Payments to Employees (Refer Note 27)	324	1,440
	Staff Welfare Expenses	1,412	1,132
	Reimbursement of Contractual Remuneration, net	556	436
	Total	95,876	81,201
17	**FINANCE COSTS**		
	Interest expense for lease liabilities	39	–
	Total	39	–
18	**OTHER EXPENSES**		
	Rent (Refer Note 23)	1,904	1,711
	Rates and Taxes	88	51
	Insurance	770	605
	Travelling and Conveyance	9,744	8,653
	Recruitment Expenses	997	609
	Communication	557	537
	Power and Fuel	867	810
	Outsourcing Charges	7,163	6,657
	Software and Related Expenses	2,860	2,013
	Purchase of Hardware and Software for Resale (including Support Charges)	576	835
	Business Development Expenses	452	702
	Repairs and Maintenance		
	- Buildings	359	162
	- Machinery	250	261
	- Others	119	86
	Legal, Professional and Consultancy Expenses	1,648	1,573
	Doubtful and Bad Receivables	417	461
	Doubtful and Bad Loans and Advances	–	66
	Property, Plant and Equipment Discarded, net	86	32
	Auditors' Remuneration and Expenses (Refer Note 26)	40	31
	Expenditure on Corporate Social Responsibility (Refer Note 20)	122	136
	Training and Development	506	460
	Bank Charges	79	92
	Printing and Stationery	34	23
	Miscellaneous Expenses [Includes contributions under Section 182 of the Companies Act, 2013 aggregating ₹ 1500 Lakhs (2019: ₹ 1500 Lakhs)]	2,154	2,086
	Total	31,792	28,652
19	**TAX EXPENSES**		
19 (a)	**Tax Expense Recognised in Statement of Profit and Loss**		
	Current Tax [including tax on foreign branches ₹ 130 Lakhs (2019 - ₹ 107 Lakhs)]	6,900	5,364
	Charge / (Credits) related to previous years	(588)	29
		6,312	5,393
	Deferred Tax Charge / (Credit)	264	(807)
	Charge / (Credits) related to previous years	588	-
		852	(807)
	Total	7,164	4,586
19 (b)	**Tax Expense Recognised in Other Comprehensive Income**		
	Deferred Tax Charge / (Credit)		
	Arising on Remeasurement of Net Defined Benefit Liability	(90)	125
	Total	(90)	125
19 (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	26,633	12,232
	Income tax expense calculated at 25.168% (2019- 34.944%)	6,703	4,274
	Effects of:		
	- Effect of tax relating to uncertain tax positions	85	495
	- Effect of different tax rate on certain items	(114)	(219)
	- Other differences	(102)	7
	- Change in Tax Rates	592	-
	- Adjustments recognised in the current year in relation to the current tax of prior years	0	29
	Income Tax expenses recognised in Statement of Profit and Loss	7,164	4,586

20 Expenditure on Corporate Social Responsibility

a) Gross amount required to be spent by the Company during the year ₹ 122 Lakhs (2019 - ₹ 136 Lakhs).

b) Amount spent during the year in cash for purpose other than construction / acquisition of an asset ₹ 122 Lakhs (2019 - ₹ 136 Lakhs).

21 Commitments and Contingencies

a) There are contracts remaining to be executed on capital account and not provided ₹ 148 Lakhs (2019 - ₹ 119 Lakhs).

b) Claims against the Company not acknowledged as debts ₹ 661 Lakhs (2019 - ₹ 1097 Lakhs). These comprise:

i) Service tax claims disputed by the Company relating to issues of applicability aggregating ₹ 132 Lakhs (2019 - ₹ 129 Lakhs)

ii) Income tax claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 529 Lakhs (2019 - ₹ 968 Lakhs)

It is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flow, if any, in respect of the above. An amount of ₹ 15 Lakhs (2019 - ₹ 15 Lakhs) has been deposited under protest and is included under Other Non-Current Assets (Refer Note 9(a)).

22 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)

		31st March, 2020	31st March, 2019
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.		
	Principal amount due	244	108
	Interest amount due thereon	–	–
(b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	–	–
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	–	–
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	–	–
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	–	–

23 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 ₹ 2,216 Lakhs (including payments in respect of short-term leases aggregating ₹ 1,904 Lakhs).

24 Employee Benefits

Description of Plans

(a) Defined Contribution Plan

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

Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds" in Note 16 ₹ 2,090 Lakhs (2019 - ₹ 1,712 Lakhs).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(b) **Defined Benefit Plan**

The Company also makes contribution to defined benefit pension and gratuity plans. The cost of providing benefits under the defined benefit obligation is calculated by an independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through Other Comprehensive Income in the period in which they occur. The gratuity plan is funded, end of service gratuity in UAE is unfunded and the pension plan is partly funded.

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, 2020 and recognised in the financial statements in respect of Employee Benefit Schemes:

(₹ in Lakhs)

			For the year ended 31st March, 2020			For the year ended 31st March, 2019		
			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	211	788	672	190	672	403
	2	Net Interest Cost	18	1	93	16	8	87
	3	**Total expense recognised in the Statement of Profit and Loss**	229	789	765	206	680	490
	-	**Re-measurements recognised in Other Comprehensive Income**						
	4	(Return) on plan assets (excluding amounts included in Net interest cost)	61	(7)	-	(14)	(6)	-
	5	Effect of changes in demographic assumptions	-	(14)	(2)	(2)	(8)	1
	6	Effect of changes in financial assumptions	510	165	60	(106)	1	-
	7	Effect of experience adjustments	35	(311)	(138)	69	(216)	(78)
	8	Total re-measurements included in OCI	606	(167)	(80)	(53)	(229)	(77)
	9	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (3+8)**	835	622	685	153	451	413
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.								
II	**Actual Returns**		183	242	-	266	211	-
III	**Net (Asset)/Liability recognised in Balance Sheet**							
	1	Present Value of Defined Benefit Obligation	4,213	3,785	1,579	3,817	3,389	1,428
	2	Short-term obligation w.r.t Overseas branches	-	-	165	-	-	136
	3	Fair Value of Plan Assets	(3,166)	(3,447)	-	(3,355)	(2,841)	-
	4	Status [(Surplus)/Deficit]	1,047	338	1,744	462	548	1,564
	5	Restrictions on Asset Recognised	-	-	-	-	-	-
	6	**Net (Asset)/Liability recognised in Balance Sheet**	As at 31st March, 2020			As at 31st March , 2019		
			Current	Non-Current		Current	Non-Current	
		- Pension	717	330		91	371	
		- Gratuity	217	121		407	141	
		- Compensated absences	451	1,294		441	1,123	

			For the year ended 31st March, 2020			For the year ended 31st March, 2019		
			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	3,817	3,389	1,428	3,741	2,941	1,304
	2	Current Service Cost	211	788	518	190	672	403
	3	Interest Cost	263	237	93	268	213	87
	4	Remeasurement gains / (losses):						
		Effect of changes in demographic assumptions	-	(14)	(2)	(2)	(8)	1
		Effect of changes in financial assumptions	510	165	60	(106)	1	-
		Changes in asset ceiling (excluding interest income)	-	-	-	-	-	-
		Effect of experience adjustments	35	(311)	(138)	69	(216)	(78)
	5	Benefits Paid	(623)	(469)	(380)	(343)	(214)	(289)
	6	**Present Value of DBO at the end of the year**	4,213	3,785	1,579	3,817	3,389	1,428
		Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2020			As at 31st March, 2019		
		- Pension	111			305		
		- Gratuity	1,338			1,167		
		- Compensated Absences	518			403		

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2020			For the year ended 31st March, 2019		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Partly Funded	Unfunded	Partly Funded	Partly Funded	Unfunded
V	**Change in Fair Value of Assets (for funded obligations)**							
	1	Plan Assets at the beginning of the year	3,355	2,841	-	3,360	2,617	-
	2	Expected Return on Plan Assets	245	236	-	252	205	-
	3	Remeasurement Gains/(Losses) on plan assets	(61)	7	-	14	6	-
	4	Actual Company Contributions	158	791	-	72	227	-
	5	Benefits Paid	(531)	(428)	-	(343)	(214)	-
	6	**Plan Assets at the end of the year**	3,166	3,447	-	3,355	2,841	-

VI	Actuarial Assumptions		As at 31st March, 2020	As at 31st March, 2019
	1	Discount Rate (%)	6.25%	7.50%
	2	Expected Return on Plan Assets (%)	6.25%	7.50%
	3	Long term rate of compensation increase	7.50%	7.00%

VII	The net liability disclosed in Pension relates to funded and unfunded plans as follows:		As at 31st March, 2020	As at 31st March, 2019
	1	Present Value of Funded Obligation	3,881	3,446
	2	Fair Value of Plan Assets	3,166	3,355
	3	Deficit of Funded Plan	715	91
	4	Unfunded Plan	332	371
	5	Net Deficit	1,047	462

VIII	Major Category of Plan Assets as a % of the Total Plan Assets		As at 31st March, 2020	As at 31st March, 2019
	1	Government Securities/Special Deposit with RBI	26%	28%
	2	High Quality Corporate Bonds	15%	16%
	3	Insurer Managed Funds*	45%	44%
	4	Mutual Funds	2%	3%
	5	Cash and Cash Equivalents	9%	6%
	6	Term Deposits	2%	3%

* 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, 2020			For the year ended 31st March, 2019		
			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	4,213	3,785	1,579	3,817	3,389	1,428
	2	Fair Value of Plan Assets	3,166	3,447	-	3,355	2,841	-
	3	Status [Deficit]	1,047	338	1,579	462	548	1,428
	4	Experience Adjustment of Plan Assets [Gain/ (Loss)]	(61)	7	-	14	6	-
	5	Experience Adjustment of obligation [(Gain)/ Loss]	35	(311)	(138)	69	(216)	(78)

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

XII	Sl. No.	Particulars	DBO as at 31st March, 2020	DBO as at 31st March, 2019
	1	Discount Rate + 100 basis points	**9,123**	8,279
	2	Discount Rate - 100 basis points	**10,074**	9,019
	3	Long term Compensation Increase Rate + 1%	**10,017**	8,976
	4	Long term Compensation Increase Rate – 1%	**9,166**	8,312

			For the year ended 31st March, 2020 (₹ in Lakhs)	For the year ended 31st March, 2019 (₹ in Lakhs)
25	**Earnings per share**			
(a)	Profit after Tax	₹ in Lakhs	**19,469**	7,646
(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)	₹	**22.85**	8.97

	For the year ended 31st March, 2020 (₹ in Lakhs)	For the year ended 31st March, 2019 (₹ in Lakhs)
26 Auditors' Remuneration and Expenses		
(Net of input tax credit)		
Audit Fees	**21**	19
Tax Audit Fees	**2**	2
Fees for Auditors' Certifications and Reports	**13**	9
Reimbursement of Expenses	**4**	1
Total	**40**	31

27(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) in earlier years 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) during the year

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) 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 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, 2020 No. of Options	As at 31st March, 2019 No. of Options
Outstanding at the beginning of the year	**2,019,998**	2,444,561
Add: Granted during the year	**–**	–
Less: Lapsed during the year	**(112,460)**	(24,886)
Add / (Less): Movement due to transfer of employees within the group	**(66,148)**	–
Less: Exercised during the year	**(243,370)**	(399,677)
Outstanding at the end of the year	**1,598,020**	2,019,998
Options exercisable at the end of the year	**1,476,097**	1,615,852

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 ₹ 336 Lakhs (2019 – ₹ 1,418 Lakhs) towards ITC ESOS and ₹ (12) Lakhs (2019 - ₹ 22 Lakhs) towards ITC ESAR Plan (Refer Note 18). Such charge has been recognised as employee benefits expense.

Out of the above, ₹ 100 Lakhs (2019- ₹ 362 Lakhs) is attributable to key management personnel [Ms. S. Rajagopalan (up to 31st January 2019) - ₹ Nil (2019 - ₹ 109 Lakhs); Mr. R. Batra ₹ 37 Lakhs (2019 - ₹ 119 Lakhs); Mr. A. Talwar (up to 2nd October 2019) ₹ 23 Lakhs (2019 - ₹ 43 Lakhs); Mr. V. Sreenivasan (up to 10th October 2019) ₹ 28 Lakhs (2019 - ₹ 57 Lakhs) and Mr. S.V. Shah ₹ 12 Lakhs (2019 - ₹ 34 Lakhs)].

28 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

29 Categories of Financial Instruments

(₹ in Lakhs)

	As at 31st March, 2020		As at 31st March, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Measured at amortised cost				
Cash and Cash Equivalents	1,219	1,219	363	363
Trade Receivables	23,095	23,095	18,768	18,768
Loans	6	4	12	8
Other Financial Assets	14,032	13,988	7,406	7,406
	38,352	38,307	26,549	26,545
Mandatorily measured at fair value through profit and loss (FVTPL)				
Investments in Mutual Funds	15,101	15,101	14,011	14,011
Foreign Currency Forward Contracts	129	129	235	235
	15,230	15,230	14,246	14,246
Total	53,582	53,537	40,795	40,791
Financial Liabilities				
Measured at amortised cost				
Trade Payables	5,701	5,701	2,891	2,891
Lease Liability	383	383	–	–
Other Financial Liabilities	9,422	9,357	6,744	6,744
	15,506	15,441	9,635	9,635
Measured at fair value through profit and loss (FVTPL)				
Foreign Currency Forward Contracts	412	412	23	23
	412	412	23	23
Total	15,918	15,853	9,658	9,658

30 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, 2020	USD	GBP	EURO	Others	Total
Financial Assets	22,451	5,530	3,749	1,988	33,717
Financial Liabilities	785	3	405	1,132	2,325

As at 31st March, 2019	USD	GBP	EURO	Others	Total
Financial Assets	17,437	5,197	2,037	2,843	27,514
Financial Liabilities	353	24	151	271	799

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, 2020		31st March, 2019	
		Buy	Sell	Buy	Sell
GBP	USD	–	29	–	32
EUR	USD	–	21	–	8
USD	INR	–	175	–	150
AUD	USD	–	3	–	–
ZAR	USD	–	–	–	130

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Foreign Currency Sensitivity

The sensitivity analysis arises on account of outstanding foreign currency denominated assets and liabilities, including derivative contracts. The Company considers a sensitivity of 1% (2019 - 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, 2020 and pre-tax total equity as at 31st March, 2020 will be higher by ₹ 314 Lakhs (2019 - ₹ 267 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. As majority of the financial assets and liabilities of the Company are non-interest bearing, the Company's net exposure to interest risk is negligible.

iii) **Price Risk**

The Company invests its surplus funds primarily for short tenor in debt mutual funds measured at fair value through profit or loss. Aggregate value of such investments as at 31st March, 2020 is ₹ 15,101 Lakhs (2019 - ₹ 14,011 Lakhs). Accordingly, these do not pose any significant price risk.

b) **Liquidity Risk**

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

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

(₹ in Lakhs)

As at 31st March, 2020 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	**5,701**	**5,701**	**-**	**-**	**-**	**-**	**5,701**
Lease Liability	**383**	**78**	**78**	**147**	**99**	**-**	**402**
Other Financial Liabilities	**9,834**	**1,372**	**7,912**	**0**	**544**	**6**	**9,834**
Total	**15,918**	**7,151**	**7,990**	**147**	**643**	**6**	**15,937**
As at 31st March, 2019 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	2,891	2,891	-	-	-	-	2,891
Other Financial Liabilities	6,767	299	5,231	1,215	22	-	6,767
Total	9,658	3,190	5,231	1,215	22	-	9,658

** 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, 2020	As at 31st March, 2019
Opening Balance	**723**	248
Effects of foreign exchange fluctuation	**-**	14
Add: Expected credit loss provisions made during the year	**417**	461
Less: Utilisation for Impairment / De-recognition	**(249)**	-
Less: Expected credit loss provision written back during the year	**(189)**	-
Closing Balance	**702**	723

The age wise break-up of trade receivables, net of allowance is given below:

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Overdue Period		
Less than 1 month	**7,230**	6,024
1 to 3 months	**1,789**	2,233
3 to 6 months	**1,389**	687
6 to 12 months	**459**	194
1 year to 2 years	**55**	66
2 years to 3 years	**-**	28
More than 3 years	**(72)**	-
Balances not yet due	**12,245**	9,536
Total	**23,095**	18,768

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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, 2020 is ₹ 53,289 Lakhs (2019 - ₹ 41,046 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.

31 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 maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

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

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

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

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis

(₹ in Lakhs)

	Fair Value Hierarchy	Fair Value as at	
		31st March 2020	31st March 2019
Financial Assets			
Mandatorily Measured at Fair Value Through Profit and Loss (FVTPL)			
Investments in Mutual Funds	1	15,101	14,011
		15,101	14,011
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	129	235
		129	235
Total		15,230	14,246
Financial Liabilities			
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	412	23
		412	23
Total		412	23

32 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, 2020	For the year ended 31st March, 2019
Segment Revenue		
India	48,419	40,178
North America	29,432	20,400
Europe	46,966	38,189
Middle East and Africa	23,651	19,441
Rest of the World	4,519	3,060
Total	152,987	121,268

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Non-Current Assets*		
India	7,863	5,647
Middle East and Africa	63	48
Total	7,926	5,695

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

33 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

Employee Trusts
ITC Management Staff Gratuity Fund
ITC Pension Fund

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(iv) **KEY MANAGEMENT PERSONNEL**

Non-Executive Directors
Late Mr. Y.C. Deveshwar - Chairman (up to 11th May, 2019)
Mr. S. Puri - Chairman (w.e.f. 17th May, 2019)
Mr. S. Sivakumar - Vice Chairman
Mr. B. B. Chatterjee
Mr. P. Chatterjee
Ms. S. Mukherjee (w.e.f. 30th April, 2019)
Mr. R. Tandon

Others
Mr. S. Singh, Managing Director & CEO
Mr. R. Batra, Chief Financial Officer
Mr. S. V. Shah, Company Secretary
Ms. S. Burman (w.e.f. 7th June, 2019)
Mr. V. Sreenivasan (up to 10th October, 2019)
Mr. A. Talwar (up to 2nd October, 2019)

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

(₹ in Lakhs)

Sl. No.	Description	Holding Company		Wholly Owned Subsidiaries						Fellow Subsidiaries	
				2020			2019				
		2020	2019	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.	2020	2019
1	Sale of Goods / Services	17,397	16,452	19,002	28,990	-	13,234	20,099	-	395	404
2	Purchase of Goods / Services	77	97	-	-	-	-	-	-	-	-
3	Rent Paid	1,806	1,303	-	-	-	-	-	-	-	-
4	Reimbursement of Contractual Remuneration [includes remuneration to KMP ₹ 225 Lakhs (2019 ₹ 195 Lakhs)]	573	449	-	-	-	-	-	-	-	-
5	Recovery of Contractual Remuneration	17	13	-	-	-	-	-	-	-	-
6	Expenses Recovered	24	13	200	159	-	260	133	-	-	-
7	Expenses Reimbursed	857	760	118	-	-	138	-	-	-	-
8	Capital Contribution for Share Based Payments	490	1,915	-	-	-	-	-	-	-	-
9	Employee Share Based Payments	(12)	22	-	-		-	-			
10	Reimbursement of Capital Contribution for Share Based Payments	-	-	94	61	-	218	274	-	-	-
11	Interim Dividend	10,011	7,029	-		-	-	-	-	-	-
12	Dividend Income	-	-	-	1,420	-	-	1,256	-	-	-

(₹ in Lakhs)

Sl. No.	Description	Associates of the Holding Company		Trusts		Key Management Personnel	
		2020	2019	2020	2019	2020	2019
1	Sale of Goods / Services	282	280	-	-	-	-
2	Purchase of Goods / Services	2,397	3,071	-	-	-	-
3	Remuneration to Key Management Personnel (KMP)						
	(i) Directors	-	-	-	-	466	191
	(ii) Others	-	-	-	-	521	150
4	Contribution to Employees' Benefit Plans	-	-	949	278	-	-

(vi) **DISCLOSURE OF OUTSTANDING BALANCES**

(₹ in Lakhs)

Description	Holding Company		Wholly Owned Subsidiaries						Fellow Subsidiaries		Associates of the Holding Company	
			2020			2019						
	2020	2019	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.	2020	2019	2020	2019
Balances as at 31st March,												
i) Trade Receivables	189	55	5,119	2,861	–	4,139	–	–	233	184	35	–
ii) Trade Payables	364	4	186	–	–	57	471	–	–	–	38	152
iii) Others	10	22	–	–	–	–	–	–	–	–	–	–

(vii) **INFORMATION REGARDING SIGNIFICANT TRANSACTIONS**
(Generally in excess of 10% of the total transaction value of the same type)

(₹ in Lakhs)

Related Party Transactions	2020	2019	Related Party Transactions	2020*	2019
Purchase of Goods / Services			**Remuneration to Key Management Personnel (KMP)**		
International Travel House Limited	2,397	3,071	Ms. S. Rajagopalan (up to 31st January, 2019)	-	141
			Mr. S. Singh	466	50
Contribution to Employees' Benefit Plans			Mr. R. Batra	142	114
ITC Management Staff Gratuity Fund	791	206	Mr. S. V. Shah	83	81
ITC Pension Fund	158	72	Mr. V. Sreenivasan (up to 10th October, 2019)	191	73
			Mr. A. Talwar (up to 2nd October, 2019)	220	77
			Ms. S. Burman	110	–

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(viii) **INFORMATION REGARDING SIGNIFICANT BALANCES**
(Generally in excess of 10% of the total balance of the same type)

(₹ in Lakhs)

Related Party Balances	2020	2019
Trade Payables		
International Travel House Limited	38	152

(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)

	2020	2019
Short-Term Employee Benefits	1,212	536
Others	3	3

**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 27 for details.*

(x) **SIGNIFICANT TERMS AND CONDITIONS OF OUTSTANDING BALANCES**

All outstanding balances are unsecured and are repayable in cash.

34 Subsequent Events

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

35 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 10th June, 2020.

36 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 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

(₹ 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 = ₹ 93.50	Reporting currency - USD Exchange rate USD 1 = ₹ 75.67	Reporting currency - USD Exchange rate USD 1 = ₹ 75.67
6	Share Capital	641	13,772	76
7	Reserves and Surplus	5,465	3,946	(6)
8	Total Assets	14,853	28,042	230
9	Total Liabilities	14,853	28,042	230
10	Investments (excluding Investments in subsidiaries)	–	–	–
11	Turnover (Note 1)	46,877	79,548	380
12	Profit before Taxation	1,298	3,101	22
13	Provision for Taxation	148	618	–
14	Profit after Taxation	1,150	2,483	22
15	Proposed Dividend (Paid during the year)	–	1,515	–
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
St. Louis, USA

Place : Bengaluru
Date : 10 June, 2020

Strategic Report

The Directors present their Strategic Report for the year ended 31st March, 2020.

Key Performance Indicators

	£ (million)	
Year Ended March 31,	**2020**	**2019**
Total Revenue	**49.82**	49.11
Cost of Sales	**43.76**	41.53
Gross Profit	**6.06**	7.57
Profit before Tax	**1.39**	1.64
Profit after Tax	**1.23**	1.57

Business review

In 2019-20, the Company achieved a revenue of GBP 49.82 million while the net profit was GBP 1.23 million. The Company saw good growth in existing large accounts and significant wins and increasing traction in select technology offerings such as Application development and maintenance, Customer experience and Manufacturing execution systems and in select industry verticals such as Banking,Financial services and Consumer packaged goods. The Company's performance was well aligned to the strategic themes of Client Centricity, Employee Centricity and Operational Excellence. The Company's performance wasn't significantly impacted in 2019-20 due to lockdown effects of the Coronavirus (COVID-19).

Future Outlook

The Company will sharpen its focus on mining and growing existing large accounts. The Company will continue to shape 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 and forming and nurturing new partnerships with emerging, future ready Software Vendors will continue to be an important focus area of the Company. The Company has strong relationships with a diversified portfolio of robust Enterprise clients to withstand the impact due to COVID-19 and remain a healthy going concern.

Principal Risks and Uncertainties

The business impact on Enterprise clients in the Company's focus industry verticals due to COVID-19 is a key risk for the Company. The lockdown and other restrictions imposed by the UK and other European governments has had significant impact on the operations of some of the Company's clients in sectors such as Travel and Hospitality. In addition, the volatility around British Pound and Euro due to COVID-19 and the post Brexit uncertainties in the UK are also risks for the Company. The Company continues to take all necessary and pro-active steps to ensure the safety of its employees, to provide uninterrupted delivery of services to its clients and to minimize the impact of COVID-19 on the Company's performance in 2020-21. The Company will offset the impact in business from certain clients in industry verticals that are heavily impacted by the lockdown due to COVID-19 such as Travel and Hospitality by mining and growing other existing large accounts. The Company will focus on the stated strategy to grow the business in the European markets, which present a significant growth opportunity. Please refer to Directors' Report and para 2(c) under notes to the Financial Statements for impact assessment of COVID-19 and going concern.

Approved by the Board on 10th June, 2020 and signed on behalf of the Board by

S. Sivakumar
Vice Chairman

S. Singh
Director

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

Directors' Report

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March 2020.

The Company is a wholly owned subsidiary of ITC Infotech India Limited, incorporated in India.

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, interest rate 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), 19% (2019: 14%) of its sales in the year under review were in US dollars and 7% (2019: 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 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

Mr. Y. C. Deveshwar, Chairman and Director of the Company, passed away on 11th May, 2019. Your Directors express their sincere condolences on the demise of Mr. Deveshwar and place on record their deep appreciation for his legendary stewardship of the Company.

In terms of Article 19 of Articles of Association, Mr. S. Puri took over as the Chairman of the Company with effect from 17th May, 2019, consequent to his appointment as the Chairman of ITC Infotech India Limited, the holding company.

The Directors in office at the end of the year are listed below. All the Directors, except (Late) Mr. Y. C. Deveshwar, served on the Board throughout the year. The Directors did not have any interest in the shares of the Company as at 31st March, 2020 and 1st April, 2019 as indicated below:

	31st March 2020 and 1st April 2019 Ordinary Shares
Y. C. Deveshwar (upto 11th May, 2019)	-
S. Puri	-
S. Sivakumar	-
B. B. Chatterjee	-
S. Singh	-
R. Tandon	-

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

Equal Opportunities for Employees

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

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 and while forming and nurturing new partnerships with emerging, future ready Software Vendors will continue to be an important focus area of the Company.

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, 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. 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.

Going Concern

For its day-to-day working capital requirements, the Company uses its cash reserves and borrowings, 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 covering the period to 30th September, 2021 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. These projections were sensitised to reflect the impact of severe but plausible worse case scenarios, which concluded that the Company will be able to manage within their existing cash reserves and overdraft facility. The parent company has also agreed to extend the terms for payment for up to 120 days for amounts due in respect of the transfer pricing agreement, if required.
3. The existence of an overdraft facility with HSBC, which is an uncommitted facility, is scheduled for review on an annual basis and has been renewed post-COVID-19 until 1st June, 2021. The Directors expect this facility would be renewed again next year in the normal course of business.

   Additionally, the Company's post year end collections from customers has exceeded the forecasted cash flow projections for both April and May 2020, which the Directors consider provides positive evidence related to the Company's assessment of expected future cash flow projections. The year-to-date cash collections in FY 21 have been higher than the corresponding cash collections in FY 20.

   Based on the above, the Directors are confident, after making enquiries, that the cashflow projections support their reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future without need to rely on additional borrowings or further parent company support, as they consider the likelihood of such critical events (e.g. significant payment delays by customers) to be remote, given the profile of the Company's customer base. In any event, the Directors are confident that the parent company would make available financial resources required to support the going concern status of the Company, if it is required to do so. 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 Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

The directors 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.

Directors' Confirmation

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 Auditors

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 auditors 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.

Approved by the Board on 10th June, 2020 and signed on behalf of the Board by

S. Sivakumar Vice Chairman	S. Singh Director	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, ITC Infotech Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 March 2020; the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 104, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jas Khela (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
18th June 2020

Income Statement

		Year ended March 31,			
		2020	**2020**	**2019**	**2019**
		£	**₹**	**£**	**₹**
			Unaudited		**Unaudited**
Revenue					
-Sale of Services		**49,505,537**	**4,628,767,693**	48,948,243	4,431,284,414
-Resale of Software/Hardware		**316,130**	**29,558,142**	158,720	14,368,922
Total Revenue	13	**49,821,667**	**4,658,325,835**	49,106,963	4,445,653,336
Cost of sales	14	**(43,762,871)**	**(4,091,828,421)**	(41,533,169)	(3,759,997,770)
Gross profit		**6,058,796**	**566,497,414**	7,573,794	685,655,566
Selling, general and administrative expenses	14	**(4,985,343)**	**(466,129,554)**	(5,844,094)	(529,065,823)
Operating Profit		**1,073,453**	**100,367,860**	1,729,700	156,589,743
Foreign exchange gain/(loss)		**304,966**	**28,514,295**	(95,232)	(8,621,351)
Finance and other income	16	**9,529**	**890,944**	10,149	918,790
Profit before income tax		**1,387,948**	**129,773,099**	1,644,617	148,887,182
Income tax expense	11	**(158,394)**	**(14,809,781)**	(75,527)	(6,837,459)
Profit for the year		**1,229,554**	**114,963,318**	1,569,090	142,049,723

All the above results relate to continuing activities.

The accompanying notes on pages 108 to 116 form an integral part of these financial statements.

Statement of Comprehensive Income

	Year ended March 31, 2020 £	2020 ₹ Unaudited	2019 £	2019 ₹ Unaudited
Profit for the year	1,229,554	114,963,318	1,569,090	142,049,723
Translation reserve	–	–	67,336	6,095,928
Total other comprehensive income/(expense), net of tax	–	–	67,336	6,095,928
Total comprehensive income for the year	1,229,554	114,963,318	1,636,426	148,145,651
Attributable to:				
Owners of the Company	1,229,554	114,963,318	1,636,426	148,145,651
	1,229,554	114,963,318	1,636,426	148,145,651

The accompanying notes on pages 108 to 116 form an integral part of these financial statements.

Statement of Financial Position

Company Reg No. - 02777705

	Note	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited
Assets					
Property, plant and equipment	4	247,782	23,167,864	217,905	19,726,780
Other non-current assets	7	7,138	667,403	16,759	1,517,192
Right-of-Use Asset	17	294,733	27,557,536	–	–
Total non-current assets		549,653	51,392,803	234,664	21,243,972
Current tax Asset		26,814	2,507,109	44,405	4,019,985
Trade receivables	5	7,734,166	723,144,520	8,496,902	769,224,538
Unbilled revenue	5	5,107,836	477,582,662	3,994,925	361,660,560
Other current assets	7	148,885	13,920,748	130,684	11,830,823
Cash and cash equivalents	6	2,318,423	216,772,551	1,870,936	169,375,836
Total current assets		15,336,124	1,433,927,589	14,537,852	1,316,111,742
Total assets		15,885,777	1,485,320,392	14,772,516	1,337,355,714
Equity					
Share Capital	12	685,815	64,123,703	685,815	62,086,832
Retained earnings		5,844,478	546,458,647	4,614,923	417,817,636
Equity attributable to owners of the company		6,530,293	610,582,350	5,300,738	479,904,468
Non-controlling interests		–	–	–	–
Total equity		6,530,293	610,582,350	5,300,738	479,904,468
Non Current - Lease Liability	17	233,283	21,811,948	–	–
Deferred income tax Liability	11	33,590	3,140,666	30,393	2,751,478
Total Non Current Liabilities		266,873	24,952,614	30,393	2,751,478
Trade payables and accrued expenses	8	6,422,656	600,518,589	6,287,462	569,175,028
Unearned revenue		402,471	37,631,039	107,798	9,758,953
Current - Lease Liability	17	80,305	7,508,471	–	–
Other current liabilities	9	2,183,180	204,127,330	3,046,126	275,765,787
Total current liabilities		9,088,612	849,785,428	9,441,386	854,699,768
Total liabilities		9,355,484	874,738,042	9,471,779	857,451,246
Total equity and liabilities		15,885,777	1,485,320,392	14,772,516	1,337,355,714

These financial statements on pages 105 to 116 were approved by the directors on 10th June, 2020 and are signed on their behalf by:

H. S. Garewal	**Karan Shukla**	**Sudip Singh**	**S. Sivakumar**
President	Financial Controller	Director	Vice Chairman

The accompanying notes on pages 108 to 116 form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31st March 2020

	No. of Shares		Share Capital		Retained Earnings		Total equity		Total equity
		£	₹	£	₹	£	₹	£	₹
			Unaudited		Unaudited		Unaudited		Unaudited
Balance as at April 1, 2018	685,815	685,815	62,086,832	2,978,497	269,671,985	3,664,312	331,758,817	3664,312	331,758,817
Profit for the year	-	-	-	1,569,090	142,049,723	1,569,090	142,049,723	1,569,090	142,049,723
Other comprehensive income	-	-	-	67,336	6,095,928	67,336	6,095,928	67,336	6,095,928
Total comprehensive income for the year	-	-	-	1,636,426	148,145,651	1,636,426	148,145,651	1,636,426	148,145,651
Balance as at March 31, 2019	685,815	685,815	62,086,832	4,614,923	417,817,636	5,300,738	479,904,468	5,300,738	479,904,468
Balance as at April 1, 2019	685,815	685,815	64,123,703	4,614,923	431,495,329	5,300,738	495,619,032	5,300,738	495,619,032
Profit for the year	-	-	-	1,229,554	114,963,318	1,229,554	114,963,318	1,229,554	114,963,318
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,229,554	114,963,318	1,229,554	114,963,318	1,229,554	114,963,318
Balance as at March 31, 2020	685,815	685,815	64,123,703	5,844,478	546,458,647	6,530,293	610,582,350	6,530,293	610,582,350

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 108 to 116 form an integral part of these financial statements.

Statement of Cash Flows

	Year ended March 31,			
	2020	2020	2019	2019
	£	₹	£	₹
		Unaudited		Unaudited
Cash flows from operating activities				
Profit for the year	1,229,554	114,963,318	1,569,090	142,049,723
Adjustment for:				
Depreciation	42,988	4,019,419	10,553	955,319
Loss on disposal of asset	–	–	25	2,263
Lease Liability (Net Amount)	18,590	1,738,165		
Interest income	(9,529)	(890,944)	(8,359)	(756,741)
Income tax expense	158,394	14,809,781	75,527	6,837,459
Effect of exchange differences on translation	–	–	67,336	6,095,928
Effect of exchange differences on translation of foreign currency cash and cash equivalents	13,720	1,282,835	18,685	1,691,553
Changes in operating assets and liabilities				
Trade receivables	762,736	71,315,862	(2,577,550)	(233,345,578)
Unbilled revenues	(1,112,911)	(104,057,217)	1,298,424	117,546,297
Other assets	(8,580)	(802,224)	(58,005)	(5,251,158)
Trade payables and accrued expenses	135,461	12,665,613	1,129,925	102,292,135
Unearned revenues	294,673	27,551,942	(46,991)	(4,254,053)
Other liabilities	(862,946)	(80,685,458)	809,976	73,327,212
Net cash provided by operating activities before taxes	662,151	61,911,092	2,288,636	207,190,359
Income tax paid	(137,605)	(12,866,050)	(63,746)	(5,770,964)
Net cash generated from operating activities	524,546	49,045,042	2,224,890	201,419,395
Cash flows from investing activities				
Purchases of property, plant and equipment	(72,867)	(6,813,056)	(220,157)	(19,930,827)
Interest received	9,529	890,944	8,359	756,741
Net cash used in investing activities	(63,338)	(5,922,112)	(211,798)	(19,174,086)
Cash flows from financing activities				
Dividends paid to owners of the parent	–	–	–	–
Net cash used in financing activities	–	–	–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(13,720)	(1,282,835)	(18,685)	(1,691,553)
Net increase in cash and cash equivalents	461,207	43,122,837	2,013,092	182,245,129
Cash and cash equivalents at beginning of the year	1,870,936	174,932,549	(123,471)	(11,177,740)
Cash and cash equivalents at end of the year (Note 6)	2,318,423	216,772,551	1,870,936	169,375,836

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 108 to 116 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 = ₹ 93.50(2019: £1 = ₹ 90.53) 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 United Kingdom and has its registered office at Building 5, Caldecotte Lake Drive, Caldecotte, Milton Keynes, Buckinghamshire, England, United Kingdom, MK7 8LF.

2. Basis of preparation of financial statements

(a) **Statement of compliance**

These financial statements as at and for the year ended March 31, 2020 have been prepared in accordance with The Companies Act 2006 as applicable to companies using European Union adopted 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, 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. 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.

Going Concern

For its day-to-day working capital requirements, the Company uses it its cash reserves and borrowings, 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 covering the period to 30 September 2021 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.

   These projections were sensitised to reflect the impact of severe but plausible worse case scenarios, which concluded that the Company will be able to manage within their existing cash reserves and overdraft facility. The parent company has also agreed to extend the terms of payment for up to 120 days for amounts due in respect of the transfer pricing agreement, if required.
3. The existence of an overdraft facility with HSBC, which is an uncommitted facility is scheduled for review on an annual basis and has been renewed post-COVID until 1 June 2021. The Directors expect this facility would be renewed again next year in the normal course of business.

Additionally, the Company’s post year end collections from customers has exceeded the forecasted cash flow projections for both April and May 2020, which the Directors consider provides positive evidence related to the Company’s assessment of expected future cash flow projections. The year-to-date cash collections in FY21 have been higher than the corresponding cash collections in FY20.

Based on the above, the Directors are confident, after making enquiries, that the cashflow projections support their reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future without need to rely on additional borrowings or further parent company support, as they consider the likelihood of such critical events (e.g. significant payment delays by customers) to be remote, given the profile of the Company’s customer base. In any event, the Directors are confident that the parent company would make available financial resources required to support the going concern status of the Company, if it was required to do so. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

(d) **Functional and presentation currency**

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

(e) **Use of estimates and judgments**

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. Unbilled revenues represent amounts recognised based on services performed in advance of billing in accordance with contract terms. The Company recognises 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.

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.

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 in future and has taken into account estimates of possible effect from the COVID - 19 scenario. Refer to note 5 for carrying values.

Trade and other receivables are represented by trade receivables, 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.

Notes to the financial statements (Contd.)

(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.

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. 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	4 years
Computer equipment	4 years

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

Income tax

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

a) Current income tax

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

b) Deferred income tax

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

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

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

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

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account except that 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.

Adoption of New Accounting Standard – IFRS 16 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 £151,955 (including payments in respect short-term leases and lease of low value of assets of £85,116)

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

There are no new standards, interpretations and amendments that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Notes to the financial statements (Contd.)

4. Property, plant and equipment

	Leasehold improvements £	Leasehold improvements ₹ Unaudited	Computer equipment £	Computer equipment ₹ Unaudited	Fixtures & fittings £	Fixtures & fittings ₹ Unaudited	Total £	Total ₹ Unaudited
Gross carrying value:								
As at 1 April 2018	52,300	4,734,719	85,976	7,783,407	37,153	3,363,461	175,429	15,881,587
Additions	144,192	13,053,722	26,118	2,364,463	49,847	4,512,642	220,157	19,930,827
Disposal / adjustments	(55,727)	(5,044,996)	(13,319)	(1,205,769)	(18,045)	(1,633,614)	(87,091)	(7,884,379)
As at March 31, 2019	140,765	12,743,445	98,775	8,942,101	68,955	6,242,489	308,495	27,928,035
Accumulated depreciation:								
As at 1 April 2018	52,300	4,734,719	78,687	7,123,534	36,118	3,269,763	167,105	15,128,016
Depreciation	1,202	108,773	8,226	744,700	1,125	101,846	10,553	955,319
Disposal / adjustments	(55,727)	(5,044,960)	(13,294)	(1,203,506)	(18,045)	(1,633,614)	(87,066)	(7,882,080)
As at March 31, 2019	(2,225)	(201,468)	73,619	6,664,728	19,198	1,737,995	90,592	8,201,255
Net carrying value as at March 31, 2019	**142,990**	**12,944,913**	**25,156**	**2,277,373**	**49,757**	**4,504,494**	**217,905**	**19,726,780**
Gross carrying value:								
As at 1 April 2019	140,765	13,161,516	98,775	9,235,463	68,955	6,447,285	308,495	28,844,421
Reallocation/Reclassification	3,427	320,398	949	88,750	(4,376)	(409,149)	-	-
Additions	3,637	340,102	69,229	6,472,954	-	-	72,867	6,813,056
Disposal / adjustments	-	-	(34,739)	(3,248,097)	(8,355)	(781,193)	(43,094)	(4,029,290)
As at March 31, 2020	**147,829**	**13,822,016**	**134,215**	**12,549,070**	**56,224**	**5,256,943**	**338,268**	**31,628,187**
Accumulated depreciation:								
As at 1 April 2019	(2,225)	(208,078)	73,619	6,883,377	19,198	1,795,013	90,592	8,470,312
Reallocation/Reclassification	3,427	320,465			(3,427)	(320,465)	-	-
Depreciation	14,716	1,375,946	15,811	1,478,329	12,461	1,165,144	42,988	4,019,419
Disposal / adjustments	-	-	(34,739)	(3,248,097)	(8,355)	(781,193)	(43,094)	(4,029,290)
As at March 31, 2020	**15,918**	**1,488,333**	**54,691**	**5,113,609**	**19,877**	**1,858,499**	**90,486**	**8,460,441**
Net carrying value as at March 31, 2020	131,911	12,333,683	79,524	7,435,461	36,347	3,398,444	247,782	23,167,864

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 2020 £	As at 31 March 2020 ₹ Unaudited	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited
Trade Receivables	**7,734,166**	**723,144,520**	8,496,902	769,224,538
Unbilled Revenue				
- Time & Material	**3,631,024**	**339,500,717**	3,356,606	303,873,541
-Fixed Price contracts based on % Completion	**1,476,812**	**138,081,945**	638,319	57,787,019
Total	**12,842,002**	**1,200,727,182**	12,491,827	1,130,885,098

A provision of £159,359 (2019: NIL) against Trade Receivables is included in the figures above. Unbilled Revenue receivables represent amounts recognised based on services performed in advance of billing in accordance with contract terms, (refer to note 2(d)(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 18

6. Cash and cash equivalents

Cash and Cash equivalents consist of the following:

	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited
Cash balances	-	-	89	8,057
Cash at bank	**2,318,423**	**216,772,551**	1,870,847	169,367,779
Cash and cash equivalents on statement of financial position	**2,318,423**	**216,772,551**	1,870,936	169,375,836
Cash and cash equivalents in the cash flow statement	**2,318,423**	**216,772,551**	1,870,936	169,375,836

7. Other Assets

	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited
Non-current				
Security deposits	**2,038**	**190,553**	198	17,925
Loans and Advances to employees	**5,100**	**476,850**	16,561	1,499,267
	7,138	**667,403**	16,759	1,517,192
Current				
Prepaid Expenses	**48,400**	**4,525,400**	79,792	7,223,570
Loans and Advances to Employees	**99,009**	**9,257,342**	49,416	4,473,631
Others	**1,476**	**138,006**	1,476	133,622
	148,885	**13,920,748**	130,684	11,830,823
Total	**156,023**	**14,588,151**	147,443	13,348,015

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 2020 £	As at 31 March 2020 ₹ Unaudited	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited
Trade payables	5,711,706	534,044,419	5,134,098	464,789,774
Accrued expenses	710,950	66,474,170	1,153,364	104,385,254
Total	6,422,656	600,518,589	6,287,462	569,175,028

9. Other current liabilities

	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited
Current				
Employee and other liabilities	1,287,616	120,392,096	2,214,485	200,477,327
Statutory dues payable	895,564	83,735,234	831,641	75,288,460
Total	2,183,180	204,127,330	3,046,126	275,765,787

10. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2020 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	7,734,166	723,144,520	-	-	7,734,166	723,144,520	7,734,166	723,144,521
Unbilled revenue	5,107,836	477,582,662	-	-	5,107,836	477,582,662	5,107,836	477,582,662
Cash and cash equivalents	2,318,423	216,772,551	-	-	2,318,423	216,772,551	2,318,423	216,772,551
Other Assets	156,023	14,588,151	-	-	156,023	14,588,151	156,023	14,588,151
Total assets	**15,316,448**	**1,432,087,884**	-	-	**15,316,448**	**1,432,087,884**	**15,316,448**	**1,432,087,885**
Liabilities:								
Trade payables and accrued expenses	-	-	6,422,656	600,518,589	6,422,656	600,518,589	6,422,656	600,518,589
Unearned revenue	-	-	402,471	37,631,039	402,471	37,631,039	402,471	37,631,039
Total liabilities	-	-	**6,825,127**	**638,149,628**	**6,825,127**	**638,149,628**	**6,825,127**	**638,149,628**

Revenue of 2019-20 includes an amount of £107,798 recognised as 'Unearned Revenue' in financial year 2018-19.

The carrying value and fair value of financial instruments by categories as at March 31, 2019 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	8,496,902	769,224,538	-	-	8,496,902	769,224,538	8,496,902	769,224,538
Unbilled revenue	3,994,925	361,660,560	-	-	3,994,925	361,660,560	3,994,925	361,660,560
Cash and cash equivalents	1,870,936	169,375,836	-	-	1,870,936	169,375,836	1,870,936	169,375,836
Other Assets	147,443	13,348,015			147,443	13,348,015	147,443	13,348,015
Total assets	**14,510,206**	**1,313,608,949**	-	-	**14,510,206**	**1,313,608,949**	**14,510,206**	**1,313,608,949**
Liabilities:								
Trade payables and accrued expenses	-	-	6,287,462	569,175,028	6,287,462	569,175,028	6,287,462	569,175,028
Unearned revenue	-	-	107,798	9,758,953	107,798	9,758,953	107,798	9,758,953
Total liabilities	-	-	**6,395,260**	**578,933,981**	**6,395,260**	**578,933,981**	**6,395,260**	**578,933,981**

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, 2020 £	2020 ₹ Unaudited	2019 £	2019 ₹ Unaudited
Revenue from top customer	21,252,102	1,987,071,542	18,054,341	1,634,459,448
Revenue from top 5 customer	35,544,865	3,323,444,915	37,717,247	3,414,542,345

Notes to the financial statements (Contd.)

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 30-150 days (2018-19: 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 2020 £	As at 31 March 2020 ₹ Unaudited	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited
Past due 0-30 days	1,188,914	111,163,459	1,087,038	98,409,585
Past due 30-60 days	305,937	28,605,110	106,963	9,683,364
Past due 60-90 days	288,234	26,949,879	10,956	991,877
Past due over 90 days	(5,871)	(548,939)	101,813	9,217,106
Total past due and not impaired	1,777,214	166,169,509	1,306,770	118,301,932

The allowance for impairment in respect of trade receivables for the year ended March 31, 2020 and March 31, 2019 was £159,359 and Nil respectively. The movement in the allowance for impairment in respect of trade receivables is as follows:

	For the year ended / As at 31 March 2020 £	For the year ended / As at 31 March 2020 ₹ Unaudited	For the year ended / As at 31 March 2019 £	For the year ended / As at 31 March 2019 ₹ Unaudited
Balance at the beginning of the year	–	–	–	–
Additions during the year	329,981	30,853,195	–	–
Received during the year	(170,622)	(15,953,128)	–	–
Written off during the year	–	–	–	–
Balance at the end of the year	159,359	14,900,067	–	–

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 working capital position of the company is given below:

	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited
Cash and cash equivalents	2,318,423	216,772,551	1,870,936	169,375,836
Total	2,318,423	216,772,551	1,870,936	169,375,836

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2020 and March 31, 2019:

	As At 31st March 2020					
	Less than 1 year		1–2 years		2 years and above	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Trade payables and accrued expenses	6,422,656	600,518,589	–	–	–	–
Other current liabilities	2,183,180	204,127,330	–	–	–	–

	As At 31st March 2019					
	Less than 1 year		1–2 years		2 years and above	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Trade payables and accrued expenses	6,287,462	569,175,028	–	–	–	–
Other liabilities	3,046,126	275,765,787	–	–	–	–

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, 19% (2019: 14%) of its sales in the year under review were in US dollars and 7% (2019: 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, 2020 and March 31, 2019.

As at 31st March 2020

	EUR		USD		Other Currencies*		Total	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Asset								
Trade Receivables	925,751	86,557,725	3,263,065	305,096,534	45,136	4,220,217	4,233,952	395,874,476
Unbilled Revenue	241,936	22,621,044	1,254,472	117,293,132	107,248	10,027,704	1,603,656	149,941,880
Cash and cash equivalents	81,949	7,662,269	569,131	53,213,785	169,235	15,823,442	820,315	76,699,496
Other assets	-	-	-	-	(11,849)	(1,107,859)	(11,849)	(1,107,859)
Liabilities								
Trade payables and accrued expenses	332,754	31,112,541	2,009,688	187,905,817	37,307	3,488,187	2,379,749	222,506,545
Unearned Sales	1,030	96,324	174,191	16,286,864	-	-	175,221	16,383,188
Other liabilities	(10,018)	(936,655)	-	-	3,146	294,165	(6,872)	(642,490)
Net assets/liabilities	925,870	86,568,828	2,902,789	271,410,770	269,317	25,181,152	4,097,976	383,160,750

Notes to the financial statements (Contd.)

As at 31st March 2019

	EUR		USD		Other Currencies*		Total	
	£	₹	£	₹	£	₹	£	₹
		Unaudited		**Unaudited**		**Unaudited**		**Unaudited**
Asset								
Trade Receivables	594,598	53,828,915	2,351,789	212,907,493	(4,417)	(399,845)	2,941,970	266,336,563
Unbilled Revenue	(132,555)	(12,000,234)	334,124	30,248,265	64,376	5,827,928	265,945	24,075,959
Cash and cash equivalents	387,235	35,056,385	829,461	75,091,104	53,843	4,874,442	1,270,539	115,021,931
Other assets	–	–	–	–	(1,874)	(169,653)	(1,874)	(169,653)
Liabilities								
Trade payables and accrued expenses	370,452	33,537,020	1,399,231	126,672,345	(27,634)	(2,501,706)	1,742,049	157,707,659
Unearned Sales	4,506	407,962	81,671	7,393,670	–	–	86,177	7,801,632
Other liabilities	(5,463)	(494,538)	–	–	3,579	324,049	(1,884)	(170,489)
Net assets/liabilities	479,783	43,434,622	2,034,472	184,180,847	135,983	12,310,529	2,650,238	239,925,998

Others include currencies such as Singapore - $ (SGD), Czeck Republic Koruna (CZK), Switzerland-Franc (CHF), Turky-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, 2020 and 2019 respectively, every 1% appreciation/depreciation of the respective foreign currencies compared to functional currency of the Company would increase/ decrease operating margins by £40,980 and £26,502 respectively.

11. Income tax expense

Income tax expense in the statement of income consists of:

	Year ended March 31, 2020	2020	2019	2019
	£	₹	£	₹
		Unaudited		**Unaudited**
Current taxes				
UK Corporation tax on profits of the year	**225,430**	**21,077,722**	120,462	10,905,425
Adjustment in respect of previous years	**(70,233)**	**(6,566,786)**	(177,360)	(16,056,401)
Total	**155,197**	**14,510,936**	(56,898)	**(5,150,976)**
Deferred taxes				
Origination and reversal of timing differences	**3,197**	**298,920**	132,425	11,988,435
Total	**3,197**	**298,920**	132,425	**11,988,435**
Grand Total	**158,394**	**14,809,856**	75,527	**6,837,459**

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, 2020	2020	2019	2019
	£	₹	£	₹
		Unaudited		**Unaudited**
Profit before income tax	**1,387,948**	**129,773,099**	1,644,617	148,887,182
Profit on ordinary activities multiplied by rate of tax	**263,710**	**24,656,896**	312,477	28,288,556
Expenses not deductible for tax purposes	**50,101**	**4,684,444**	77,412	7,008,108
Movement in capital allowances	**(3,563)**	**(333,141)**	(116,175)	(10,517,323)
Tax credit on employee share based payments	**(84,818)**	**(7,930,483)**	(153,252)	(13,873,904)
Adjustment in respect of previous years	**(70,233)**	**(6,566,786)**	(177,360)	(16,056,401)
Total current tax expense	**155,197**	**14,510,930**	(56,898)	(5,150,964)

The standard rates of UK corporation tax, for the year ended March 31, 2020 and March 31, 2019 are 19% and 19% respectively.

Changes in tax rates and factors affecting the future tax charge

In the Spring Budget 2020, the Government announced that from 1st April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously announced). This new law was substantively enacted on 17th March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, the effects are not included within these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be immaterial to both the tax expense for the period and to the balance of the deferred tax asset and liability at the balance sheet date.

The components of deferred tax (liability) / asset are as follows:

	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2019
	£	₹	£	₹
		Unaudited		Unaudited
Property, Plant and Equipment	**(39,924)**	**(3,732,895)**	(34,507)	(3,123,919)
Provision	**6,334**	**592,229**	4,114	372,441
Net deferred tax (liability)/asset	**(33,590)**	**(3,140,666)**	(30,393)	(2,751,478)

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

	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2019
	£	₹	£	₹
		Unaudited		Unaudited
Deferred tax (liability)/asset	**(33,590)**	**(3,140,666)**	(30,393)	(2,751,478)
Balance brought forward	**(30,393)**	**(2,841,746)**	102,032	9,236,957
Profit and loss account movement arising during the year	**(3,197)**	**(298,920)**	(132,425)	(11,988,435)
Total deferred tax (liability)/asset	**(33,590)**	**(3,140,666)**	(30,393)	(2,751,478)

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.

Notes to the financial statements (Contd.)

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 (2019: 1,629,700) equity shares of £1 each. Par value of the equity shares is recorded as share capital.

The Issued, subscribed and paid-up capital of the Company is 685,815 (2019: 685,815) equity shares of £1 each amounting to £685,815 (2019: £685,815).

The company has only one class of shares referred to as equity shares having a par value of £1.

No dividend was paid in current and previous financial year.

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 2020 £	As at 31 March 2020 ₹ Unaudited	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited
Total equity attributable to the equity share holders of the company	**6,530,293**	**610,582,350**	5,300,738	479,904,468
As percentage of total capital	**100%**	**100%**	100%	100%
Total capital	**6,530,293**	**610,582,350**	5,300,738	479,904,468

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

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,			
	2020	2020	2019	2019
	£	₹	£	₹
Country		Unaudited		Unaudited
United Kingdom	**40,504,830**	**3,787,201,605**	39,524,432	3,578,146,829
Europe	**8,269,477**	**773,196,100**	8,635,069	781,732,797
Singapore	**403,388**	**37,716,748**	261,328	23,657,999
Others	**643,972**	**60,211,382**	686,134	62,115,711
Total	**49,821,667**	**4,658,325,835**	49,106,963	4,445,653,336

	Year ended March 31,			
	2020	2020	2019	2019
	£	₹	£	₹
		Unaudited		Unaudited
14. Expenses by nature				
Employee benefits	**20,402,941**	**1,907,674,979**	21,197,101	1,918,973,557
Sub-contractor charges/Outsourced charges	**25,296,923**	**2,365,262,311**	23,275,591	2,107,139,254
Travel and conveyance	**1,390,265**	**129,989,807**	1,442,373	130,578,011
Sales & Marketing expenses	**229,521**	**21,460,251**	354,181	32,064,005
Staff welfare	**308,258**	**28,822,148**	286,415	25,929,143
Legal, Professional and Consultancy Expenses	**218,482**	**20,428,042**	186,601	16,892,987
Communication expenses	**184,329**	**17,234,743**	214,478	19,416,691
Lease rentals/charges	**65,484**	**6,122,764**	113,658	10,105,049
Recruitment	**51,872**	**4,850,027**	61,418	5,560,172
Audit Fees	**36,081**	**3,373,612**	33,332	3,017,545
Depreciation charges	**121,584**	**11,368,143**	10,553	955,319
Provision for doubtful trade receivables	**159,359**	**14,900,067**	–	–
Others	**283,113**	**26,471,081**	201,561	18,431,860
Total cost of sales, selling, general and administrative expenses	**48,748,213**	**4,557,957,975**	47,377,263	4,289,063,593

The total cost of sales, selling, general and administrative expenses in the table above includes £ 43,762,871 (2019: £ 41,533,169) towards cost of sales and £ 4,985,343 (2019: £ 5,844,094) towards selling, general and administrative expenses. Additional costs of £ 18,000 were incurred and accounted for during FY 21 in relation to the finalisation of the audit for the year ended 31 March 2020.

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.

Notes to the financial statements (Contd.)

15. Employee benefits

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

	2020	2019
By Activity	No	No
Delivery	297	303
Marketing	14	19
Administration	9	10
	320	332

Employee benefits include:

	Year ended March 31,			
	2020	2020	2019	2019
	£	₹	£	₹
		Unaudited		Unaudited
Wages and salaries	18,016,062	1,684,501,834	18,841,787	1,705,746,975
Social security costs	2,282,909	213,451,964	2,114,058	191,385,676
ESOS Cost	103,970	9,721,181	241,256	21,840,906
Total	20,402,941	1,907,674,979	21,197,101	1,918,973,557

An amount of £2,282,909 (2019:2,114,058) 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,			
	2020	2020	2019	2019
	£	₹	£	₹
		Unaudited		Unaudited
Cost of sales	17,003,052	1,589,785,330	16,814,515	1,522,218,051
Selling, general and administrative expenses	3,399,889	317,889,649	4,382,586	396,755,506
Total	20,402,941	1,907,674,979	21,197,101	1,918,973,557

16. Finance and other income

	Year ended March 31,			
	2020	2020	2019	2019
	£	₹	£	₹
		Unaudited		Unaudited
Interest Income	9,529	890,944	8,359	756,741
Others	–	–	1,790	162,049
Total	9,529	890,944	10,149	918,790

17. Leases

Transition

Effective April 1, 2019, the Company adopted IFRS 16 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability. In line with the transition provision, comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted. On Transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of £373,328 and a lease liability of £373,328. The Company has applied the practical expedient to not recognize the right-of-use assets and lease liabilities for leases with less than 12 months of lease term on the date of initial application. The weighted average incremental borrowing rate of 2.00% has been applied to lease liabilities recognized in the statement of financial position at the date of initial application.

Impact for the year

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 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2019
	£	₹	£	₹
		Unaudited		Unaudited
Right of Use Asset - Buildings	373,328	34,906,168	–	–
Less: Accumulated Depreciation	(78,595)	(7,348,673)	–	–
Right of Use Asset Net	294,733	27,557,495	–	–

	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2019
	£	₹	£	₹
		Unaudited		Unaudited
Lease Liability		–	–	–
Opening Lease Liability	373,328	34,906,168	–	–
Add: Interest Cost on the Leases	7,097	663,608	–	–
Less: Lease Payments	(66,838)	(6,249,353)	–	–
Closing Lease Liability	313,587	29,320,423	–	–

Notes to the financial statements (Contd.)

18. Related party relationships and transactions

Name of related party

i) Ultimate Parent Company:

ITC Limited

ii) Immediate Parent Company:

ITC Infotech India Limited

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 2020 £	For the year ended / As at 31 March 2020 ₹ Unaudited	For the year ended / As at 31 March 2019 £	For the year ended / As at 31 March 2019 ₹ Unaudited	For the year ended / As at 31 March 2020 £	For the year ended / As at 31 March 2020 ₹ Unaudited	For the year ended / As at 31 March 2019 £	For the year ended / As at 31 March 2019 ₹ Unaudited
Sale of goods/Services	–	–	– –	50,891	4,758,325	52,311	4,735,753	
Expenses Recovered	128,833	12,045,851	154,244	13,963,724	1,857	173,668		
Purchase of goods/Services	21,182,961	1,980,606,874	15,059,531	1,363,339,323	–	–	–	–
Balance as on 31st March								
Trade receivables	192,457	17,994,730	63,624	5,759,916	–	–	52,311	4,735,753
Trade payables	5,358,081	500,980,580	4,542,873	411,266,332	–	–	–	–

Key Managerial Personnel:

Non-Executive Directors

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

Others

H. S. Garewal	President

Transactions with key management personnel are as given below:

Key management personnel comprise directors and president of the Company. Particulars of compensation of the key management personnel during the year ended March 31, 2020 and March 31, 2019 have been detailed below:

	Year ended March 31,			
	2020 £	2020 ₹ Unaudited	2019 £	2019 ₹ Unaudited
President:				
Salaries	165,367	15,461,815	163,212	14,775,582
Social security contribution	32,467	3,035,693	24,912	2,255,283
Incentives	311,849	29,157,882	25,739	2,330,152
Total	509,683	47,655,390	213,863	19,361,017

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.

19. Ultimate parent company and immediate parent company

The immediate parent undertaking is ITC Infotech India Limited, which is incorporated in 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, 2020.

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 (*)

($ million)

Year Ended March 31,	2020	2019
Total Revenue	105.62	96.98
Operating Income	4.13	4.39
Profit/(Loss) After Tax	3.31	3.68

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

For the year under review, the Corporation declared and paid a dividend of $ 11 (2019: $ 10) per share on 182,000 Common Shares-without par value aggregating $ 2.002 million (2019: $ 1.82 million).

Business Review

Corporation

For the year ended March 31, 2020, the Corporation posted total revenues of $ 105.12 million while the net profit after tax was $ 3.28 million. The growth in revenues was driven by strong deal wins in existing strategic clients in areas such as Infrastructure services, Data and analytics and Application development and maintenance.

In the coming year, the focus will be on accelerating the growth momentum by scaling existing strategic accounts and sharpening focus on select Industry verticals for new business development and to develop and deliver domain specific Business friendly solutions to existing clients. The Corporation will also focus on strengthening its alliances and partnership ecosystem with existing ISV partners as well as with partners and startups in emerging digital technologies.

Primary challenges seen by the Corporation are macro-economic headwinds due to the Coronavirus (COVID-19) and uncertainties relating to movement of human resources. The lockdown and other restrictions imposed to contain the spread of the Coronavirus has had significant impact on the operations of some of the Corporation's clients in sectors such as Travel and Hospitality. The Corporation continues to take all necessary and pro-active steps to ensure the safety of its employees, to provide uninterrupted delivery of services to its clients and to minimize the impact of COVID-19 on the Corporation's performance in the coming year.

Wholly owned subsidiary - Indivate Inc.

Indivate Inc. ("Indivate") provides market research, business development, consulting and other advisory services. The Corporation has also identified opportunity in trading activities wherein the Corporation shall import goods into the United States of America and distribute / market the same. During the year under review, Indivate recorded Revenue of $ 502,082 (2019: $ 524,152) and Net Profit of $ 28,420 (2019: $ 29,669).

Directors

Mr. Y. C. Deveshwar, Chairman and Director of the Corporation, passed away on May 11, 2019. Your Directors express their sincere condolences on the demise of Mr. Deveshwar and place on record their deep appreciation for his legendary stewardship of the Corporation.

In terms of clause 6A of Article III of By-Laws, Mr. S. Puri took over as the Chairman of your Corporation with effect from May 17, 2019, consequent to his appointment as the Chairman of ITC Infotech India Limited, the parent company.

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, and, being eligible, offer themselves for re-appointment.

On behalf of the Board

	S. Sivakumar	**S. Singh**
June 10, 2020	**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 sheet as of March 31, 2020 and 2019, and the related special-purpose statements of operations and retained earnings and cash flows for the year then ended, and the related notes to the special-purpose financial statements.

Management's Responsibility 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on Special-Purpose Financial Statements

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of ITC Infotech (USA), Inc. as of March 31,2020 and 2019, and the results of its operations and its cash flows for the year then ended in accordance with the Basis of Presentation as described in Note B [1].

Basis of Accounting

We draw attention to Note B [1] of the special–purpose financial statements, which describes the basis of accounting. For the purpose of the special–purpose financial statements, the Company did not consolidate Indivate Inc., a wholly owned subsidiary. 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 opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note B [1] to the special-purpose 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.

Restriction on Use

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.

Deloitte Haskins & Sells LLP
Kolkata, India

SPECIAL PURPOSE BALANCE SHEET AS OF MARCH 31,

	2020	2020	2019	2019
Assets	$	₹	$	₹
Current assets				
Cash and cash equivalents	4,022,441	304,378,110	2,339,685	161,812,615
Accounts receivable, net of allowance for doubtful accounts of $2,458,124 (₹ 186,006,243) as of March 2020 and $1,175,099 (INR 81,269,832) as of March 2019	29,145,133	2,205,412,214	25,656,145	1,774,378,988
Receivable from Indivate	2,642	199,920	8,349	577,417
Advances to employees	62,561	4,733,990	69,087	4,778,056
Total current assets	33,232,777	2,514,724,234	28,073,266	1,941,547,076
Property and Equipment	742,476	56,183,159	818,082	56,578,551
Less: Accumulated depreciation and amortization	652,453	49,371,119	673,452	46,575,940
	90,023	6,812,040	144,630	10,002,611
Right of Use Asset	560,452	42,409,403	–	–
Less: Accumulated Depreciation	150,972	11,424,051	–	–
	409,480	30,985,352	–	–
Intangible assets and goodwill	–	–	12,574,566	869,656,985
Less: Accumulated amortization	–	–	12,574,566	869,656,985
	–	–	–	–
Investment in subsidiary (Indivate Inc.)	100,000	7,567,000	100,000	6,916,000
Receivable from ITC Infotech India Ltd	–	–	680,457	47,060,406
Deferred income taxes	2,428,823	183,789,036	2,663,685	184,220,455
Other assets, principally unsecured advances	797,156	60,320,795	1,983,423	137,173,535
	37,058,259	2,804,198,457	33,645,461	2,326,920,083
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	168,297	12,735,034	689,995	47,720,054
Accrued expenses and other current liabilities	8,074,045	610,962,984	9,438,924	652,795,984
Accrued payroll and payroll taxes	1,390,314	105,205,060	1,310,493	90,633,696
Due to ITC Infotech Ltd.,UK, net	–	–	70,132	4,850,329
Due to ITC Infotech India Ltd., net	3,780,594	286,077,548	–	–
Total current liabilities	13,413,250	1,014,980,626	11,509,544	796,000,063
Non-current liabilities				
Lease Liability	229,813	17,389,950	–	–
Stockholder's equity				
Paid up Share Capital	200,000	15,134,000	200,000	13,832,000
Additional paid-in capital	18,000,000	1,362,060,000	18,000,000	1,244,880,000
Retained earnings	5,215,196	394,633,881	3,935,917	272,208,020
Total stockholder's equity	23,415,196	1,771,827,881	22,135,917	1,530,920,020
	37,058,259	2,804,198,457	33,645,461	2,326,920,083

On behalf of the Board

Date: June 10, 2020	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,

	2020	2020	2019	2019
	$	₹	$	₹
Revenues				
Sale of Services	104,983,974	7,944,137,313	95,926,534	6,634,279,091
Resale of Software and Hardware	133,221	10,080,833	529,542	36,623,125
Total revenues	105,117,195	7,954,218,146	96,456,076	6,670,902,216
Cost of revenues, principally employment costs and fees charged by affiliates	88,633,570	6,706,902,242	76,465,702	5,288,367,950
Gross profit	16,483,625	1,247,315,904	19,990,374	1,382,534,266
General and administrative expenses	12,365,742	935,715,697	15,629,825	1,080,958,697
Operating income	4,117,883	311,600,207	4,360,549	301,575,569
Other income	8,223	622,234	137	9,475
Income before interest and income tax expense	4,126,106	312,222,441	4,360,686	301,585,044
Interest Expense	28,611	2,164,994	-	-
Income before income tax expense	4,097,495	310,057,447	4,360,686	301,585,044
Income tax expense / (benefit)				
Current	581,354	43,991,057	1,066,681	73,771,658
Deferred	234,862	17,772,008	(356,457)	(24,652,566)
Total income tax expense	816,216	61,763,065	710,224	49,119,092
Net income	3,281,279	248,294,382	3,650,462	252,465,952
Retained earnings at beginning of year	3,935,917	297,830,838	2,105,455	145,613,268
Less : Dividend Paid	2,002,000	151,491,339	1,820,000	125,871,200
Retained earnings at end of year	5,215,196	394,633,881	3,935,917	272,208,020

On behalf of the Board

Date: June 10, 2020	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 YEARS ENDED MARCH 31,

	2020	2020	2019	2019
	$	₹	$	₹
Cash flows from operating activities				
Net income	3,281,279	248,294,382	3,650,462	252,465,952
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	374,209	28,316,395	102,743	7,105,706
Deferred income taxes	234,862	17,772,008	(356,457)	(24,652,566)
Write off of Fixed Assets	(4,474)	(338,548)	2,507	173,384
Provision for Bad debt expense	1,775,543	134,355,339	773,836	53,518,498
(Increase) decrease in assets				
Accounts receivable	(5,264,531)	(398,367,061)	2,641,901	182,713,873
Receivable from Indivate	5,707	431,849	126,239	8,730,689
Advances to employees	6,526	493,822	16,430	1,136,299
Other assets, principally unsecured advances	1,186,267	89,764,824	459,002	31,744,578
Receivable from ITC Infotech India Ltd.	680,457	51,490,181	(680,457)	(47,060,406)
Increase (decrease) in liabilities				
Accounts payable	(521,698)	(39,476,888)	354,467	24,514,938
Accrued expenses and other liabilities	(1,364,879)	(103,280,394)	2,290,989	158,444,799
Accrued payroll and payroll taxes	79,821	6,040,055	161,011	11,135,521
Due to ITC Infotech Ltd. (UK), net	(70,132)	(5,306,888)	(31,116)	(2,151,983)
Due to ITC Infotech India Ltd., net	3,780,594	286,077,548	(6,721,553)	(464,862,605)
Lease Liability (Net Amount)	(469,622)	(35,536,297)	-	-
Net cash provided by / (used in) operating activities	3,709,929	280,730,327	2,790,004	192,956,677
Cash flows from investing activities				
Capital expenditures	(25,173)	(1,904,841)	(30,457)	(2,106,406)
Net cash used in investing activities	(25,173)	(1,904,841)	(30,457)	(2,106,406)
Payout of Dividend	(2,002,000)	(151,491,340)	(1,820,000)	(125,871,200)
Net cash used in financing activities	(2,002,000)	(151,491,340)	(1,820,000)	(125,871,200)
Net increase (decrease) in cash and cash equivalents	1,682,756	127,334,146	939,547	64,979,071
Cash and cash equivalents at beginning of year	2,339,685	177,043,964	1,400,138	96,833,544
Cash and cash equivalents at end of year	4,022,441	304,378,110	2,339,685	161,812,615

On behalf of the Board

Date: June 10, 2020	Soumyarup Roy	A Raghavapudi	S Singh	S Sivakumar
	Financial Controller	President	Director	Vice Chairman

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

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2020 and 2019

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 $1 = ₹ 75.67 for fiscal year ended March 31, 2020 (2019 $1 = ₹ 69.16) 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 still unfolding COVID-19 pandemic on the carrying amounts of trade receivables, unbilled revenues, investments, goodwill 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. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

[3] Recognition of revenue:

Effective April 1, 2018, the Company adopted ASC 606 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, as prescribed in the Standard.

Revenue is recognized 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 sales tax. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2020 and 2019 (Contd.)

Recognition of revenue (Contd.)

consideration which the Company expects to receive in exchange for those products or services.

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

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 is recognized from trading in software packages / licenses / hardware upon delivery to customer.

Amounts received or billed in advance of services performed are treated as unearned revenue (contract liability). Unbilled revenue represents amounts recognized based on services performed in advance of billing in accordance with contract terms.

[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, and certificates of deposit with original maturities of ninety days or less, when purchased, 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 up to five 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 $ 406,645 (₹ 30,770,823) (including payments in respect short-term leases of $ 97,573 (₹ 7,383,352)

[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, 2020. The Company's Federal and State tax returns are subject to examination by taxing authorities for the years ended March 31, 2017 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, 2020 or 2019.

[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, 2020 or 2019.

[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, 2020. 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, 2020 and 2019 (Contd.)

NOTE C - RELATED PARTY TRANSACTIONS

The Company had transactions with the following parties :

	2020 $	2020 ₹	2019 $	2019 ₹
Transactions with ITC Infotech India Ltd.				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	40,615,504	3,073,375,202	29,123,269	2,014,165,287
Dividend Paid	2,002,000	151,491,340	1,820,000	125,871,200
Transactions with ITC Infotech Ltd				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	66,242	5,012,536	70,132	4,850,344
Transactions with Technico Technologies				
Costs for project consultations / other expense reimbursements, included in cost of revenues / general and administrative expenses	143,254	10,840,049	71,086	4,916,310
Transactions with ITC Limited				
Reimbursement of advances paid	8,522	644,871	414,214	28,647,010
Reimbursement of advances received	234,542	17,747,776	-	-
Transactions with Indivate				
Other expense reimbursements from Indivate included as a reduction in cost of revenues / general and administrative expenses	20,949	1,585,211	51,642	3,571,561
Audit fees paid on behalf which was reimbursed by Indivate	-	-	3,100	214,396

Amount payable to Technico Technologies (fellow subsidiary of ultimate parent, ITC Limited) was $ 0 (₹ 0) and $ 0 (₹ 0) as on 31st March, 2020 and 31st March, 2019 respectively. The receivable/ payable amount as on 31st March, 2020 and 31st March, 2019 for the other related parties have been disclosed in the Balance Sheet.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable as on March 31, 2020 of $ 29,147,775 (₹ 2,205,612,134) and March 31, 2019 of $ 25,664,494 (₹ 1,774,956,405) includes both billed and unbilled receivables. Unbilled receivables were approximately $ 10,455,515 (₹ 791,168,821) and $ 6,495,574 (₹ 449,233,897) as of March 31, 2020 and 2019, respectively.

Unbilled Revenue consist of the following:

Particulars	2020 ($)	2020 (₹)	2019 ($)	2019 (₹)
Time & Material and others	9,068,459	686,210,293	5,926,145	409,852,166
Fixed Price contracts based on % Completion	1,387,056	104,958,528	569,429	39,381,731
Total	10,455,515	791,168,821	6,495,574	449,233,897

Changes in the allowance for doubtful accounts in 2020 and 2019 are as follows:

	2020 $	2020 ₹	2019 $	2019 ₹
Beginning balance	1,175,099	88,919,741	1,292,377	89,380,798
Increase to allowance	1,767,374	133,737,191	773,836	53,518,498
Accounts written off	484,349	36,650,689	891,114	61,629,464
Ending balance	2,458,124	186,006,243	1,175,099	81,269,832

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated useful lives (Years)	As on 31-Mar-20 $	31-Mar-20 ₹	31-Mar-19 $	31-Mar-19 ₹
Leasehold Improvements	4	26,074	1,973,020	26,074	1,803,278
Office Equipment	4	98,944	7,487,092	77,730	5,375,807
Computers etc.	4	463,575	35,078,720	460,735	31,864,432
Furniture and Fixtures	4	152,240	11,520,001	251,900	17,421,404
Capitalised Software	5	1,643	124,326	1,643	113,630
		742,476	56,183,159	818,082	56,578,551
Less: Accumulated depreciation		(652,453)	(49,371,119)	(673,452)	(46,575,940)
Property and Equipment, net		90,023	6,812,040	144,630	10,002,611

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

	FY 2019-20 $	FY 2019-20 ₹	FY 2018-19 $	FY 2018-19 ₹
Depreciation expense	78,964	5,975,196	102,743	7,105,706

NOTE F - LEASES

Transition:

Effective April 1, 2019, the Company adopted Topic 842 ASC 2016-2 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability. In line with the transition provision, comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted. On Transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of $ 9,55,266 (₹ 72,285,011) and a lease liability of $ 9,55,266 (₹ 72,285,011). The Company has applied the practical expedient to not recognize the right-of-use assets and lease liabilities for leases with less than 12 months of lease term on the date of initial application. The weighted average incremental borrowing rate of 3.70% has been applied to lease liabilities recognized in the balance sheet at the date of initial application.

Right of use asset:

	As on 31-Mar-20 $	31-Mar-20 ₹	31-Mar-19 $	31-Mar-19 ₹
Right of use asset - Buildings	560,452	42,409,403	–	–
	560,452	42,409,403	–	–
Less: Accumulated depreciation	(150,972)	(11,424,051)	–	–
Right of use asset, net	409,480	30,985,352	–	–

Lease Liability:

	As on 31-Mar-20 $	31-Mar-20 ₹	31-Mar-19 $	31-Mar-19 ₹
Lease Liability				
Current	189,161	14,313,782	-	-
Non - Current	229,813	17,389,950	-	-
	418,974	31,703,732	-	-

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2020 and 2019 (Contd.)

Impact for the period	FY 2019-20		FY 2018-19	
	$	₹	$	₹
Depreciation expense	295,246	22,341,265	–	–
Interest on Lease Liability	28,611	2,164,994	–	–
	323,857	24,506,259	–	–

NOTE G - INCOME TAXES

The income taxes expenses consists of the following:

	Year ended March 31, 2020 $	2020 ₹	2019 $	2019 ₹
Federal Taxes				
Current	487,145	36,862,262	893,773	61,813,341
Deferred	196,312	14,854,929	(299,067)	(20,683,474)
State and local taxes				
Current	94,209	7,128,795	172,908	11,958,317
Deferred	38,550	2,917,079	(57,390)	(3,969,092)
Total current expense	816,216	61,763,065	710,224	49,119,092

Deferred tax assets and liabilities consist of the following:

	2020 $	2020 ₹	2019 $	2019 ₹
Provision for Doubtful Debts	592,348	44,822,973	283,187	19,585,213
Depreciation under State Taxes	4,769	360,870	3,097	214,189
Depreciation under Federal Taxes	(18,371)	(1,390,134)	(29,125)	(2,014,283)
Accrued vacation	369,453	27,956,509	477,623	33,032,407
Accrued bonus	591,815	44,782,641	810,644	56,064,139
Amortization of intangible assets and goodwill	411,589	31,144,940	645,116	44,616,223
ESOS Expense	251,200	19,008,304	272,969	18,878,533
Prepaid Expenses	(20,210)	(1,529,291)	(42,493)	(2,938,816)
Foreign tax credit carry-over	242,667	18,362,612	242,667	16,782,850
Lease Dep and Interest	3,563	269,612	-	-
	2,428,823	183,789,036	2,663,685	184,220,455

NOTE H – UNEARNED SALES

Unearned Sales consist of amounts received or billed in advance of services performed. Unearned Sales have been reflected under in the Balance Sheet under Other current liabilities in the amount of $ 92,185 (₹ 6,975,639) and $ 262,190 (₹ 18,133,060) for the fiscal years ended March 31, 2020 and 2019, respectively.

Revenue recognized in FY 2019-20 that was included as Unearned Sales balance at the beginning of the FY 2019-20 was $ 262,190.

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 16% (7%, 5% and 4%) and approximately 19% (7%, 7% and 5%) of the Company's revenues for the years ended March 31, 2020 and 2019, respectively. Accounts receivable from these customers approximated 15 % (11%, 3%, 1%) and 9% (4%, 4%, 1%) of total accounts receivable as at March 31, 2020 and 2019, respectively. Additionally, two customers accounted for 9% (5% and 4%) of the accounts receivables as of March 31, 2020 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 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 $64,495 (₹ 4,880,306) and $345,095 (₹ 23,866,770) for the Fiscal Year 2019-20 and 2018-19 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, 2020 and 2019 was $ 679,963 (₹ 51,452,834) and $580,904 (₹ 40,175,338), respectively.

NOTE L - SUBSEQUENT EVENTS

The Company evaluated subsequent events through June 10, 2020 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, 2020.

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 has also identified opportunity in trading activities wherein the Corporation shall import goods into the USA and distribute/ market the same.

Financial Results

($)

Year Ended March 31,	2020	2019
Total Revenue	**502,082**	524,152
Operating Income / (loss)	**28,420**	29,669
Profit/(Loss) After Tax	**28,420**	29,669

Business Review

The Corporation continues to provide business consulting and other advisory services to ITC Limited (ITC) pursuant to the Business Services Agreement with ITC. These services primarily include trendspotting, market evaluation and research and 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 USA market. Towards the end of the Fiscal Year, the Corporation began to engage in trading activities with the import of the first consignment of products sourced from ITC for marketing and distribution in the USA.

Directors

In terms of Article III clause 4(a) of the By-Laws of the Corporation and as nominated by ITC Infotech (USA), Inc., Mr. S. Roy was appointed as Director of the Corporation with effect from December 17, 2019, to hold office until the next succeeding Annual Meeting of Shareholders of the Corporation. Your approval for appointment of Mr. Roy as Director of the Corporation will be sought at the next Annual Meeting of the Corporation for the financial year ended March 31, 2020.

Consequent to his resignation, Mr. L. N. Balaji ceased to be a Director of the Corporation with effect from December 17, 2019.

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

On behalf of the Board
Bhavani Parameswar
Director & President

June 10, 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Indivate Inc.

We have audited the accompanying financial statements of Indivate Inc., (a wholly owned subsidiary of ITC Infotech (USA), Inc.) which comprise the balance sheet as of March 31, 2020 and 2019, and the related statement of operations and retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indivate Inc. as of March 31, 2020 and 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Deloitte Haskins & Sells LLP
Bangalore, India

BALANCE SHEET AS OF MARCH 31,

	2020	2020	2019	2019
	$	₹	$	₹
Assets				
Current assets				
Cash and cash equivalents	**186,845**	**14,138,561**	199,587	13,803,437
Inventory	**19,808**	**1,498,871**	-	-
Due from ITC Limited (net)	**94,650**	**7,162,166**	-	-
Total current assets	**301,303**	**22,799,598**	199,587	13,803,437
Equipment, software, furniture and fixtures and leasehold improvements	**3,859**	**292,011**	3,859	266,888
Less: Accumulated depreciation and amortization	**3,121**	**236,166**	2,156	149,109
	738	**55,845**	1,703	117,779
Other assets, principally unsecured advances	**1,507**	**114,035**	3,143	217,370
	303,548	**22,969,478**	204,433	14,138,586
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	**7,703**	**582,886**	1,721	119,024
Accrued expenses and other current liabilities	**15,440**	**1,168,345**	9,535	659,440
Accrued payroll and payroll taxes	**185,463**	**14,033,985**	120,948	8,364,764
Due to ITC Infotech (USA), Inc., net	**2,642**	**199,920**	8,349	577,417
Total current liabilities	**211,248**	**15,985,136**	140,553	9,720,645
Stockholder's equity				
Paid up Capital	**100,000**	**7,567,000**	100,000	6,916,000
Retained earnings	**(7,700)**	**(582,658)**	(36,120)	(2,498,059)
Total Stockholder's equity	**92,300**	**6,984,342**	63,880	4,417,941
	303,548	**22,969,478**	204,433	14,138,586

On behalf of the Board

Date: June 10, 2020

Bhavani Parameswar
Director and President

Soumyarup Roy
Director

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

STATEMENT OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEARS ENDED MARCH 31,

	2020	2020	2019	2019
	$	₹	$	₹
Revenue				
Service income- Related party	502,082	37,992,545	524,152	36,250,352
Total Service income	502,082	37,992,545	524,152	36,250,352
Cost of revenues, principally employment costs	473,662	35,842,004	494,483	34,198,444
Purchase of Stock-in-trade	19,808	1,498,871	-	-
Change in Inventories of Stock-in-trade	(19,808)	(1,498,871)	-	-
Cost of Sales	-	-	-	-
Gross profit	28,420	2,150,541	29,669	2,051,908
General and administrative expenses	-	-	-	-
Operating Income	28,420	2,150,541	29,669	2,051,908
Less: Income tax	-	-	-	-
Net Income	28,420	2,150,541	29,669	2,051,908
Retained earnings at beginning of year	(36,120)	(2,733,199)	(65,789)	(4,549,967)
Retained earnings at end of year	(7,700)	(582,658)	(36,120)	(2,498,059)

On behalf of the Board

Date: June 10, 2020

Bhavani Parameswar, Director and President
Soumyarup Roy, Director

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

STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31,

	2020	2020	2019	2019
	$	₹	$	₹
Cash flows from operating activities				
Net income	28,420	2,150,541	29,669	2,051,908
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	965	73,022	965	66,739
(Increase) decrease in assets				
Inventory	(19,808)	(1,498,871)	-	-
Due from ITC Limited	(94,650)	(7,162,166)	142,545	9,858,412
Other assets, principally unsecured advances	1,636	123,796	2,537	175,459
Increase (decrease) in liabilities				
Accounts payable	5,982	452,658	(3,984)	(275,533)
Accrued expenses and other liabilities	5,905	446,832	3	207
Accrued payroll and payroll taxes	64,515	4,881,850	68,366	4,728,193
Due to ITC Infotech (USA), Inc., net	(5,707)	(431,849)	(126,239)	(8,730,689)
Net cash provided by / (used in) operating activities	(12,742)	(964,187)	113,862	7,874,696
Cash flows from investing activities	–	–	-	-
Net cash used in investing activities	–	–	-	-
Cash flows from financing activities	–	–	-	-
Net cash used in financing activities	–	–	-	-
Net increase (decrease) in cash and cash equivalents	(12,742)	(964,187)	113,862	7,874,696
Cash and cash equivalents at beginning of year	199,587	15,102,748	85,725	5,928,741
Cash and cash equivalents at end of year	186,845	14,138,561	199,587	13,803,437

On behalf of the Board

Date: June 10, 2020

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, 2020 AND 2019

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 has also identified opportunity in trading activities wherein the Company shall import goods into US and distribute/ market 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 Limited, the sole shareholder of the Parent Company, the Indian Rupee equivalent figures, arrived at by applying the year end interbank exchange rate of $1 = ₹ 75.67 for the fiscal year ended March 31, 2020 (2019: $1 = ₹ 69.16) 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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Inventory (Contd.)

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:

Effective April 1, 2018, the Company adopted ASC 606 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, as prescribed in the Standard.

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 and services is recognized when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of 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, and certificates of deposit with original maturities of ninety days or less, when purchased, to be cash or cash equivalents.

[6] Accounts receivable and allowance for doubtful accounts:

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] Computer equipment and furniture and fixtures:

Computer equipment and furniture and fixtures 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 up to four 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 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, 2020. 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 $20,949 (₹ 1,585,211) and $51,642 (₹ 3,571,561) for the Financial Year 2019-20 and 2018-19 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, 2020 and 2019 was $9,384 (₹ 710,122) and $7,752 (₹ 536,155), respectively.

NOTE C – RELATED PARTY TRANSACTIONS

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

	2020	**2020**	2019	2019
	$	**₹**	$	₹
Transactions with ITC Limited				
Service / Account Management fees / others recognized as revenue by Indivate	**502,082**	**37,992,545**	524,152	36,250,352
Purchase of Traded Goods	**17,461**	**1,321,299**	–	–

Accounts receivable consist of trade accounts receivable and unbilled accounts receivable (representing services performed prior to the balance sheet date, but not invoiced to the customer until thereafter). Related parties receivable total $ 94,650 (₹ 7,162,166) and $ 0 (₹ 0) as of March 31, 2020 and 2019, respectively.

Transactions with Parent Company				
Payroll related expenditure	**20,949**	**1,585,211**	51,642	3,571,561
Reimbursement of audit fees paid on behalf	–	–	3,100	214,396

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

		As of			
	Estimated useful lives (Years)	**31-Mar-20**		31-Mar-19	
		$	**₹**	$	₹
Computers etc.	4	**1,138**	**86,113**	1,138	78,704
Furniture and Fixtures	4	**2,721**	**205,898**	2,721	188,184
		3,859	**292,011**	3,859	266,888
Less: Accumulated depreciation		**(3,121)**	**(236,166)**	(2,156)	(149,109)
Property and Equipment, net		**738**	**55,845**	1,703	117,779

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

	FY 2019-20		FY 2018-19	
	$	**₹**	$	₹
Depreciation expense	**965**	**73,022**	965	66,739

NOTE E – SUBSEQUENT EVENTS

The Company evaluated subsequent events through June 10, 2020 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, 2020

1. Your Directors submit their Report for the financial year ended 31st March, 2020.

2. FINANCIAL PERFORMANCE

During the year under review, your Company recorded an Operating Income of ₹ 5,820.05 lakhs (previous year: ₹ 5,902.42 lakhs) reflecting de-growth of 1%. The Other Income of the Company was ₹ 428.29 lakhs (previous year: ₹ 146.60 lakhs). Profit for the year was ₹ 323.78 lakhs (previous year loss: ₹ 212.04 lakhs).

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

	For the year ended 31st March, 2020 (₹ in lakhs)	For the year ended 31st March, 2019 (₹ in lakhs)
Profits		
a. Profit / (Loss) Before Tax	**300.70**	(230.30)
b. Less : Tax Expense		
Current Tax	–	–
Deferred Tax	**(23.08)**	(18.26)
c. Profit / (Loss) for the year	**323.78**	(212.04)
d. Other Comprehensive Income / (Loss)	**(7.60)**	(0.95)
e. Total Comprehensive Income / (Loss)	**316.18**	(212.99)
Statement of Retained Earnings		
a. At the beginning of the year	**6,294.08**	6,507.07
b. Add : Profit / (Loss) for the year	**323.78**	(212.04)
c. Add : Other Comprehensive Income / (Loss)	**(7.60)**	(0.95)
d. At the end of the year	**6,610.26**	6,294.08

3. OPERATIONAL PERFORMANCE

The Company's hotel 'ITC Kakatiya' in Hyderabad continued to face sluggish demand conditions during the year. While room occupancy rates remained under pressure, average room rates showed some improvement. This year Food and Beverages also recorded de-growth on account of decline in banquets during the year.

The Indian hospitality industry is undoubtedly one of the biggest casualties of the COVID-19 outbreak as demand has declined to an all-time low. With global travel advisories, suspension of Visas, India like most other countries is on lockdown and the ramifications of which are unprecedented. We sailed smoothly into January 2020, after a record year in 2019, with 2020 set to be "even bigger".

In view of the ongoing pandemic, the operations at the Hotel had been suspended from 27th March, 2020. The Company is fully prepared to re-open the Hotel at the appropriate time with highest levels of safety and hygiene standards, implementation of social distancing norms and full compliance with all Environmental, Health and Safety (EHS) protocols.

ITC Kakatiya, Hyderabad, received the Gold Award under 'Commercial Buildings' category for promoting energy conservation practices by Telangana State Renewable Energy Development Corporation Ltd., a state agency appointed by the Bureau of Energy Efficiency. 'Dakshin', the fine dining restaurant at the Hotel, was adjudged the 'Best South Indian Fine Dining Restaurant' at the Times Food Guide Nightlife Awards 2020 for the 10th consecutive year.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Changes in Directors during the year

During the year under review, Mr. Dipak Haksar, stepped down as a Director of your Company with effect from 2nd March, 2020. Your Directors place on record their appreciation for the contribution made by Mr. Haksar during his tenure.

The Board of Directors ('the Board') of the Company at the meeting held on 5th June, 2020, appointed Mr. Kuldeep Bhartee (DIN: 08696702) 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 138 of the Articles of Association of the Company, Mr. Bhartee will vacate office at the ensuing Annual General Meeting ('AGM') and is eligible for appointment as a Director of the Company. The Board at the meeting held on 5th June, 2020 also recommended for the approval of the Members, the appointment of Mr. Bhartee 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. Bhartee, who has filed his consent to act as a Director of your Company, if appointed. Appropriate resolution seeking approval of the Members to his 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 Articles 151 and 152 of the Articles of Association of the Company, Mr. Gunupati Venkata Pranav Reddy (DIN: 06381368), Mr. Gunupati Sivakumar Reddy (DIN: 00439812) and Mr. Anil Chadha (DIN: 08073567), Directors, will retire by rotation at the ensuing AGM of the Company, and being eligible, offers themselves for re-appointment. Your Board has recommended their re-appointment.

5. BOARD AND BOARD COMMITTEES

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

<u>Audit Committee</u>

Mr. J. Singh	-	Chairman
Mr. A. Chadha	-	Member
Mr. N. R. Pradeep Reddy	-	Member

<u>Corporate Social Responsibility Committee</u>

Mr. G. S. Reddy	-	Chairman
Mr. J. Singh	-	Member
Mr. A. Chadha	-	Member

Four meetings of the Board were held during the year ended 31st March, 2020.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 of the Act, your Directors confirm having:

i. followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

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

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

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

7. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company does not have any subsidiary, associate or joint venture.

8. PARTICULARS OF EMPLOYEES

The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in Annexure 1 to this report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has constituted an Internal Complaints Committee as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed there under. 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 Auditors 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 and 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 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 ensure that such systems are reinforced on an ongoing basis.

11. 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 2 to this Report.

Since the requirement of CSR expenditure was not applicable to the Company this year, no contribution was made towards CSR activities.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2020, 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 ended 31st March, 2020, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis nor has the Company entered into any material contract or arrangement with them, in terms of Section 188 of the Act.

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

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

15. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as Annexure 3 to this Report.

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 Statutory Auditors, Messrs Deloitte Haskins & Sells LLP ('DHS'), Chartered Accountants, were appointed with your approval at the Thirty-Second AGM to hold such office till the conclusion of the Thirty-Seventh AGM. On the recommendation of the Audit Committee, the Board has recommended for the approval of the Members, remuneration of DHS for the financial year 2020-21. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM 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

Conservation of Energy

Steps taken on Conservation of Energy and impact thereof: NIL

Steps taken by the Company for utilising alternate sources of energy: NIL

Capital investment on energy conservation equipment: NIL

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: NIL

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 aggregating ₹ 1,521.08 lakhs (previous year: ₹ 1,415.54 lakhs), while there was foreign exchange outflow aggregating ₹ 239.08 lakhs (previous year: ₹ 90.65 lakhs).

On behalf of the Board

Date: 5th June, 2020 — **G. S. Reddy**
Place: Hyderabad — **Chairman**

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2020

[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*	51	Managing Director	62,12,313/-	27,03,114/-	Diploma in Hotel Management	29	09.03.2019	ITC Limited, General Manager
Rakshit Kapoor*	35	Chief Financial Officer	46,11,322/-	26,93,524/-	B. Com, A.C.A	12	24.03.2017	ITC Limited, Finance Manager
Srinivas Rao Mortha	53	Kitchen Specialist Group	8,60,500/-	8,36,500/-	Graduate	25	31.07.1995	Marriot Hotel & Convention Centre, Hyderabad, F & B Production Associate
Venu Gopal	47	Laundry Incharge	7,61,215/-	7,37,215/-	Matriculate	4	11.07.2016	The Park, Hyderabad, Laundry Manager
Ammisetti Lakshman Raja	50	Executive	7,36,230/-	7,12,230/-	Graduate	25	06.06.1995	APSIDC Limited, Executive Secretary
Teja Sundar Raj	53	Executive Secretary	7,01,191/-	6,77,191/-	Graduate	19	11.10.1999	Orbit Technologies Pvt. Limited, Executive Secretary
Sambasiva Rao Bhimavarapu	52	Executive	6,92,097/-	6,68,097/-	Matriculate	25	01.10.1995	J.J Associates, Electrical Supervisor
Raghupati Abirami	44	Revenue Executive	6,35,196/-	6,11,196/-	Post-Graduate	9	19.02.2011	Rolon Seals, Executive Marketing
Kamal Sharma	45	Kitchen Specialist Group	6,08,737/-	5,84,737/-	Non-Matriculate	22	24.11.1997	Belavina Secundrabad, Cook
Ghosh Shiben	57	Key Craftsman	5,95,905/-	5,71,905/-	Non-Matriculate	25	06.06.1995	--

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

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. Employees on deputation from ITC 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) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the employee on deputation 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 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 Company's rules.

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

Dated: 5th June, 2020 — **On behalf of the Board**

Place: Hyderabad — **G. S. Reddy** — **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, 2020

[Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken:	The Company, a subsidiary of ITC Limited (ITC), discharges its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC. The Company undertakes its CSR activities: • as listed in Schedule VII to the Companies Act, 2013, in line with the CSR initiatives of ITC and as approved by the CSR Committee of the Company; • directly or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2.	Composition of CSR Committee	Mr. G. S. Reddy (Chairman) Mr. A. Chadha Mr. J. Singh
3.	Average net profit of the Company for the last three financial years	₹ (1,78,47,462/-) [Loss]
4.	Prescribed CSR expenditure (two percent of the amount stated under 3 above)	Nil
5.	Details of CSR spent during the financial year 2019-20: Total amount spent for the financial year Total amount unspent	 Nil Nil

Manner in which the amount spent during the financial year 2019-20 is detailed below:

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
–	–	–	–	–	–	–	–

6.	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report	As per Section 135 of the Companies Act, 2013, the provisions of CSR are not applicable to the Company for this financial year, therefore, no contribution has been made towards CSR activities during the financial year 2019-20.
7.	A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.	Not Applicable

On behalf of the Board

Dated: 5th June, 2020 **G. S. Reddy** **A. Chhibba**
Place: Hyderabad **Chairman - CSR Committee** **Managing Director**

Annexure 3 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN : U74999TG1984PLC005192
ii) Registration Date : 20th December, 1984
iii) Name of the Company : Srinivasa Resorts Limited
iv) Category / Sub-Category of the Company : Unlisted Public Company limited by shares
v) Address of the Registered office and contact details : 6-3-1187, Begumpet, Hyderabad, Telangana-500016
Phone: 040 - 40081888
e-mail ID: srl.kakatiya@itchotels.in
vi) Whether listed Company (Yes / No) : No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: KFIN Technologies Private Limited
Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda,
Serilingampally Hyderabad Rangareddi TG -500 032
Phone: 040 – 6716 2222, 7961 1000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	Hotel Services	55101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding Company	68	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	72,20,040	72,20,040	30.08	–	72,20,040	72,20,040	30.08	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	1,67,79,960	1,67,79,960	69.92	–	1,67,79,960	1,67,79,960	69.92	N.A.
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	–	**2,40,00,000**	**2,40,00,000**	**100.00**	–	**2,40,00,000**	**2,40,00,000**	**100.00**	**N.A.**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	**2,40,00,000**	**2,40,00,000**	**100.00**	–	**2,40,00,000**	**2,40,00,000**	**100.00**	**N.A.**
Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
ii) Individual shareholders holding nominal share capital excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)	–	–	–	–	–	–	–	–	**N.A.**
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Share held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	**N.A.**
Grand Total (A+B+C)	–	**2,40,00,000**	**2,40,00,000**	**100.00**	–	**2,40,00,000**	**2,40,00,000**	**100.00**	**NIL**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	1,63,20,477	68.00%	–	1,63,20,477	68.00%	–	–
2.	G. Sivakumar Reddy	13,04,230	5.43%	–	13,04,230	5.43%	–	–
3.	G. Sulochanamma	15,00,000	6.25%	–	15,00,000	6.25%	–	–
4.	N. Shailaja Reddy	10,00,000	4.17%	–	10,00,000	4.17%	–	–
5.	G. Samyuktha Reddy	6,15,810	2.57%	–	6,15,810	2.57%	–	–
6.	B. Bharathi Reddy	10,00,000	4.17%	–	10,00,000	4.17%	–	–
7.	G. V. Pranab Reddy	8,00,000	3.33%	–	8,00,000	3.33%	–	–
8.	M. V. Rachita	10,00,000	4.17%	–	10,00,000	4.17%	–	–
9.	GSR Projects Pvt. Ltd.	4,59,483	1.91%	–	4,59,483	1.91%	–	–
	Total	2,40,00,000	100%	–	2,40,00,000	100%	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	**No change during the year**			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**G. S. Reddy - Director**				
	At the beginning of the year	13,04,230	5.43%		
	Date wise Increase / Decrease in Shareholding during the year	0	N. A.	0	N. A.
	At the end of the year			13,04,230	5.43%
2.	**G. V. P. Reddy - Director**				
	At the beginning of the year	8,00,000	3.33%		
	Date wise Increase / Decrease in Shareholding during the year	0	N. A.	0	N. A.
	At the end of the year			8,00,000	3.33%

Messrs. N.Anand, B N Suresh Reddy, J. Singh, A. Chadha, A. Moodliar, A. Chhibba, N. R. Pradeep Reddy, Directors, R. Kapoor, Chief Financial Officer and Ms. A. Jha, Company Secretary, did not hold any share of the Company, either at the beginning or at the end of the year or at any time during the year.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	A. Chhibba* (Managing Director) (refer Note 1)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	45,33,858
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	9,09,000
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	 – –
5.	Others, please specify	–
Total Amount (A)		**54,42,858**
Ceiling as per the Companies Act, 2013		84,00,000 per annum (refer Note 2)

Note 1: Mr. A. Chhibba is on deputation from ITC Limited (ITC). He has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively.Since these Stock Options / 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.

Note 2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2020 are inadequate. The 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.

B. Remuneration to other Directors:

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount (in ₹)
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B) (1)				**Nil**
2.	**Other Non-Executive Directors**				
	N. Anand	Nil	Nil	Nil	Nil
	B. N. Reddy				
	G. S. Reddy				
	G. V. P. Reddy				
	J. Singh				
	A. Chadha				
	N. R. Pradeep Reddy				
	A. Moodliar				
	Total Amount (B) (2)				**Nil**
Total Amount (B) = (B) (1) + (B) (2)					**Nil**
Total Managerial Remuneration (A+B)					**54,42,858**
Overall ceiling as per the Companies Act, 2013					84,00,000 per annum (refer Note 1)

Note 1: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2020 are inadequate.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: (Amount in ₹)

Sl. No.	Particulars of Remuneration per Annum	R. Kapoor (Chief Financial Officer) (refer Note 1)	A. Jha (Company Secretary)
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	38,88,244	5,33,400
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	5,51,347	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - as % of profit - others, specify	 – –	 – –
5.	Others, please specify	–	–
Total		**44,39,591**	**5,33,400**

Note 1: Mr. R. Kapoor is on deputation from ITC Limited (ITC). He has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / 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.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013: None

Date: 5th June, 2020 **On behalf of the Board**
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 at March 31, 2020, 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 2020, 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.

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 March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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 LLP
Chartered Accountants
(F.R.N: 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354
UDIN:20209354AAAAGF3268

Place: Hyderabad,
Date: June 5, 2020

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 March 31, 2020 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.

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, 2020, 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:20209354AAAAGF3268

Place: Hyderabad,
Date: June 5, 2020

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)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) 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 and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit falling within the purview of the provisions of Section 73 to 76 of the Companies Act, 2013. There are no unclaimed deposits.

(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 been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of, Service Tax and Value Added Tax which have not been deposited as on March 31, 2020 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	31.92	20.97
Finance Act, 1994	Service Tax	Joint Commissioner (Service Tax)	2011-12 to 2014-15	346.64	346.64

The total disputed dues aggregating ₹ 378.56 lakhs as above have been stayed for recovery by the relevant authorities.

There are no dues of Income-tax, Sales Tax, Excise Duty and Customs Duty as at March 31, 2020 on account of disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and Government and has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) 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 (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(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 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 Indian accounting standards.

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

(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 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.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(F.R.N: 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354
UDIN:20209354AAAAGF3268

Place: Hyderabad,
Date: June 5, 2020

Balance Sheet as at 31st March, 2020

	Note		As at 31st March, 2020 (₹ in Lakhs)		As at 31st March, 2019 (₹ in Lakhs)
ASSETS					
Non-current assets					
(a) Property, plant and equipment	3A		4147.95		4390.57
(b) Capital work-in-progress	3B		51.64		–
(c) Intangible assets	3C		2.30		5.28
(d) Other financial assets	9		6.40		-
(e) Other non-current assets	10		370.55		268.54
Total Non-current assets			4578.84		4664.39
Current assets					
(a) Inventories	4		176.44		165.59
(b) Financial assets					
(i) Investments	5	4754.36		5633.20	
(ii) Trade receivables	6	239.81		303.12	
(iii) Cash and cash equivalents	7	43.71		167.36	
(iv) Bank balances, other than (iii) above	8	1485.00		83.57	
(v) Others	9	58.30	6581.18	30.42	6217.67
(c) Other current assets	10		116.66		132.86
Total Current assets			6874.28		6516.12
Total Assets			11453.12		11180.51
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	11	2400.00		2400.00	
(b) Other equity		7417.64	9817.64	7101.46	9501.46
Total Equity			9817.64		9501.46
Liabilities					
Non-current liabilities					
(a) Other financial liabilities	12		9.59		8.14
(b) Provisions	13		22.70		11.35
(c) Deferred tax liabilities (net)	15		422.18		447.81
Total Non-current liabilities			454.47		467.30
Current liabilities					
(a) Financial liabilities					
(i) Trade payables	26				
- Total outstanding dues to micro enterprises and small enterprises,		2.08		–	
- Total outstanding dues to creditors other than micro enterprises and small enterprises		962.25		1008.85	
(ii) Other financial liabilities	12	98.87	1063.20	88.82	1097.67
(b) Other current liabilities	14		108.45		65.53
(c) Provisions	13		9.36		48.55
Total Current liabilities			1181.01		1211.75
Total Equity and Liabilities			11453.12		11180.51

The accompanying notes 1 to 34 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

Ashutosh Chhibba
Managing Director

Rakshit Kapoor
Chief Financial Officer

Anupama Jha
Company Secretary

Place: Hyderabad
Date: June 5, 2020

Place: Hyderabad
Date: June 5, 2020

Statement of Profit and Loss account for the year ended 31st March, 2020

		Note	For the Year ended 31st March, 2020 (₹ in Lakhs)	For the Year ended 31st March, 2019 (₹ in Lakhs)
I	REVENUE FROM OPERATIONS	16	5820.05	5902.42
II	OTHER INCOME	17	428.29	146.60
III	**TOTAL INCOME (I+II)**		6248.34	6049.02
IV	**EXPENSES**			
	COST OF MATERIALS CONSUMED		884.33	866.00
	CHANGES IN INVENTORIES OF STOCK-IN-TRADE		0.30	0.02
	EMPLOYEE BENEFITS EXPENSE	18	1428.31	1384.88
	DEPRECIATION AND AMORTIZATION EXPENSE	19	336.65	314.46
	OTHER EXPENSES	20	3298.05	3713.96
	TOTAL EXPENSES (IV)		5947.64	6279.32
V	**PROFIT / (LOSS) BEFORE TAX (III- IV)**		300.70	(230.30)
VI	**TAX EXPENSE:**			
	DEFERRED TAX	15	(23.08)	(18.26)
VII	**PROFIT /(LOSS) FOR THE YEAR (V - VI)**		323.78	(212.04)
	OTHER COMPREHENSIVE INCOME			
	ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
	(I) REMEASUREMENTS OF DEFINED BENEFIT PLANS	**27**	(10.15)	**(1.31)**
	(II) INCOME TAX RELATING TO ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	**15**	(2.55)	**(0.36)**
VIII	**OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR (I - II)**		(7.60)	**(0.95)**
IX	**TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR (VII+VIII)**		316.18	**(212.99)**
X	**EARNINGS PER EQUITY SHARE (FACE VALUE OF ₹ 10 EACH)**	**21**		
	BASIC (IN ₹)		1.35	**(0.88)**
	DILUTED (IN ₹)		1.35	**(0.88)**

The accompanying notes 1 to 34 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

Ashutosh Chhibba
Managing Director

Rakshit Kapoor
Chief Financial Officer

Anupama Jha
Company Secretary

Place: Hyderabad
Date: June 5, 2020

Place: Hyderabad
Date: June 5, 2020

Cash Flow Statement for the year ended 31st March, 2020

		For the year ended 31st March, 2020 (₹ in Lakhs)		For the year ended 31st March, 2019 (₹ in Lakhs)
A. Cash flow from operating activities				
Net Profit / (Loss) before tax		300.70		(230.30)
Adjustments for:				
- Depreciation and amortization expense	336.65		314.46	
- Interest income	(50.05)		(13.85)	
- (Gain) / Loss on sale / transfer of property, plant and equipment (Including CWIP)- Net	8.72		300.12	
- Provision for doubtful receivables	–		29.85	
- Prepayment of leasehold land	–		4.83	
- Net (gain)/loss arising on investments mandatorily measured at fair value through Profit or Loss	(339.15)		(92.91)	
		(43.83)		542.50
Operating profit before working capital changes		256.87		312.20
Adjustments for:				
- Trade receivables	63.31		9.02	
- Inventories	(10.85)		(16.02)	
- Other assets	24.03		(25.70)	
- Trade payables	(44.51)		372.42	
- Other payables	14.48		(29.37)	
		46.46		310.35
Cash generated from operations		303.33		622.55
Income tax paid (net)		(75.27)		(34.10)
Net Cash from operating activities		228.06		588.45
B. Cash Flow from investing activities				
- Purchase of property, plant and equipment	(179.41)		(2228.75)	
- Proceeds from sale of property, plant and equipment (including capital work in progress)	1.23		6350.74	
- Purchase of current investments	(6430.00)		(12862.81)	
- Sale/redemption of current investments	7647.99		8084.78	
- Redemption / proceeds from bank deposits (original maturity more than 3 months)	83.57		41.00	
- Investment in bank deposits (original maturity more than 3 months)	(1485.00)		(56.84)	
- Interest income	9.91		13.49	
Net cash used in investing activities		(351.71)		(658.39)
C. Cash Flow from financing activities		—		—
Net Increase / (decrease) in cash and cash equivalents (A+B+C)		(123.65)		(69.94)
Opening Cash and cash equivalents		167.36		237.30
Closing Cash and cash equivalents		43.71		167.36

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, 2020 (₹ in Lakhs)	As at March 31, 2019 (₹ in Lakhs)
- Balances with banks in current accounts	38.93	158.91
- Cheques on hand	1.57	0.21
- Cash on hand	3.21	8.24
Total	43.71	167.36

The accompanying notes 1 to 34 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: Hyderabad
Date: June 5, 2020

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman

Ashutosh Chhibba
Managing Director

Rakshit Kapoor
Chief Financial Officer

Anupama Jha
Company Secretary

Place: Hyderabad
Date: June 5, 2020

Statement of changes in equity for the year ended 31st March, 2020

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, 2019	2400.00	–	2400.00
For the year ended March 31, 2020	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 March 31, 2018	**0.95**	**6507.07**	**806.43**	**7314.45**
Profit / (Loss) for the year	-	(212.04)	-	(212.04)
Other comprehensive income / (loss) [net of tax]	-	(0.95)	-	(0.95)
Total comprehensive income	-	(212.99)	-	(212.99)
Balance as at April 1, 2019	**0.95**	**6294.08**	**806.43**	**7101.46**
Profit / (Loss) for the year	-	323.78	-	323.78
Other comprehensive income / (loss) [net of tax]	-	(7.60)	-	(7.60)
Total comprehensive income / (loss)	-	**316.18**	-	**316.18**
Balance as at March 31, 2020	**0.95**	**6610.26**	**806.43**	**7417.64**

Notes:

1. Capital reserve represents the excess of net assets taken over by the Company over the consideration paid for business 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 34 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: Hyderabad
Date: June 5, 2020

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman

Ashutosh Chhibba
Managing Director

Rakshit Kapoor
Chief Financial Officer

Anupama Jha
Company Secretary

Place: Hyderabad
Date: June 5, 2020

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 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

Notes to the Financial Statements

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 Television)	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 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 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 are 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 reassessed 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 and 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. Revenue from services is recognized in the period in which services are rendered.

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, is the period in which such services are rendered.

Notes to the Financial Statements

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 expense in the Statement of Profit and 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 expense 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

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.

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 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.

(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 still unfolding COVID-19 pandemic on the carrying amount of its assets etc. Based on such review, there is no significant impact on its financial statements for the year ended 31st March, 2020. The Company's hotel remains closed, except for those travellers who were stranded due to lockdown or for accommodating identified persons, based on the directions of the respective State Governments and local bodies. The Company is closely monitoring the situation and will decide on resumption of its operations based on further directives from the State Government. The expected impact of the aforementioned suspension of operations, given the current indicators of the future economic conditions, is not ascertainable at this stage. Howsoever, based on the surplus funds available with the Company and the future cash flow projections, the Management is confident that the Company will be able to meet all its obligations in the foreseeable future.

Notes to the Financial Statements

3. Property Plant and Equipment, Capital Work in Progress and Other Intangible Assets

(₹ in Lakhs)

	Particulars	Gross Block							Depreciation and Amortisation							Net Book Block	
		As at March 31, 2018	Additions	Withdrawals and Adjustments	As at March 31, 2019	Additions	Withdrawals and Adjustments	As at March 31, 2020	Upto 31st March, 2018	For the year	Withdrawals and Adjustments	Upto 31st March, 2019	For the year	Withdrawals and Adjustments	Upto 31st March, 2020	As at 31st March, 2020	As at 31st March, 2019
3A.	**Property, Plant and Equipment**																
	Land	100.00	–	–	100.00	–	–	100.00	–	–	–	–	–	–	–	100.00	100.00
	Buildings	2575.00	–	9.14	2565.86	–	–	2565.86	157.39	53.34	0.34	210.39	53.24	–	263.63	2302.23	2355.47
	Plant and Equipment	2457.44	122.55	53.48	2526.51	94.69	22.94	2598.26	722.12	202.35	21.92	902.55	231.80	13.72	1120.63	1477.63	1623.96
	Furnitures and Fixtures	268.10	26.06	10.64	283.52	0.78	1.06	283.24	98.55	24.27	8.22	114.60	21.27	0.55	135.32	147.92	168.92
	Vehicles	191.83	4.05	1.04	194.84	–	–	194.84	62.83	20.51	–	83.34	20.51	–	103.85	90.99	111.50
	Office Equipment	0.93	–	0.02	0.91	–	0.10	0.81	0.22	0.03	0.02	0.23	0.03	0.09	0.17	0.64	0.68
	Computers	69.61	1.07	2.84	67.84	5.53	0.21	73.16	50.52	5.17	1.23	54.46	2.53	–	56.99	16.17	13.38
	Computer servers and networks	56.81	–	0.25	56.56	–	–	56.56	34.24	5.81	0.15	39.90	4.29	–	44.19	12.37	16.66
	Total (A)	**5719.72**	**153.73**	**77.41**	**5796.04**	**101.00**	**24.31**	**5872.73**	**1125.87**	**311.48**	**31.88**	**1405.47**	**333.67**	**14.36**	**1724.78**	**4147.95**	**4390.57**
3B.	**Capital work-in-progress (B)**	**3996.27**	**2241.77**	**6238.04**	–	**152.64**	**101.00**	**51.64**	–	–	–	–	–	–	–	**51.64**	–
3C.	**Intangible assets**																
	Software	24.43	–	–	24.43	–	–	24.43	16.17	2.98	–	19.15	2.98	–	22.13	2.30	5.28
	Total (C)	**24.43**	–	–	**24.43**	–	–	**24.43**	**16.17**	**2.98**	–	**19.15**	**2.98**	–	**22.13**	**2.30**	**5.28**

Note : The amortization expense of intangible assets has been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Lakhs)	As at 31st March, 2019 (₹ in Lakhs)
4. Inventories		
(At lower of cost and net realisable value)		
Food and beverages	132.33	124.22
Stores and spares	43.41	40.37
Finished goods held for resale	0.70	1.00
Total	176.44	165.59

Cost of inventory recognised as expense during the year amounts to ₹ 1033.34 Lakhs (2018-2019 - ₹ 992.45 Lakhs)

	As at 31st March, 2020 (₹ in Lakhs)	As at 31st March, 2019 (₹ in Lakhs)
5. Current investments		
Unquoted investment in mutual funds [Mandatorily measured at fair value through profit or loss (FVTPL)] (Refer note (i) below)		
- Aditya Birla Sun Life Liquid Fund - Growth Regular Plan (9,79,822.41 units of ₹ 100 each)	–	2929.72
- ICICI Prudential- Liquid Fund - Growth (9,81,551.20 units of ₹ 100 each)	–	2703.38
- Axis Liquid Fund - Regular Plan - Growth (75,724.615 units of ₹ 1000 each)	1661.55	–
- Aditya Birla Sun Life Savings Fund - Growth-Direct Plan (2,56,820.511 units of ₹ 100 each)	1029.41	–
- ICICI Prudential Savings Fund - Growth (2,66,231.609 units of ₹ 100 each)	1031.24	–
- Axis Treasury Advantage Fund - Direct Growth (44,391.142 units of ₹ 1000 each)	1032.16	–
Investments carried at amortised cost		
National Savings Certificate (Refer note (ii) below)	–	0.10
Total	4754.36	5633.20

Note:

(i) Gain as at year end on account of measuring the investments at fair value through profit or loss amounts to ₹ 99.36 Lakhs (March 31, 2019: ₹ 8.09 Lakhs).

(ii) National Savings Certificates have been lodged as security with Government Department.

	As at 31st March, 2020 (₹ in Lakhs)	As at 31st March, 2019 (₹ in Lakhs)
6. Trade receivables (Current)		
Considered good - Secured	12.45	9.79
Considered good - Unsecured	227.36	293.33
Which have significant increase in credit risk	29.85	29.85
Credit impaired	(29.85)	(29.85)
Total	239.81	303.12

	As at 31st March, 2020 (₹ in Lakhs)		As at 31st March, 2019 (₹ in Lakhs)	
7. Cash and cash equivalents				
Balances with banks in current accounts	38.93		158.91	
Cheques on hand	1.57		0.21	
Cash on hand	3.21		8.24	
Total		43.71		167.36
8. Other bank balances				
In deposit accounts (refer note below)	1485.00		83.57	
Total		1485.00		83.57

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

	Current	Non-Current	Current	Non-Current
9. Other financial assets				
Security deposits	10.38	6.40	20.38	–
Interest accrued on deposits	41.44	–	1.30	–
Recoverable from employees	6.48	–	8.74	–
Total	58.30	6.40	30.42	–

	Current	Non-Current	Current	Non-Current
10. Other assets				
Capital advances	–	28.71	–	–
Advances other than capital advances:				
Prepaid Expenses	71.08	5.08	66.69	7.05
Balances with government authorities	14.39	–	–	–
Commercial advance	6.69	–	65.00	–
Advance tax (net of provisions)	–	259.47	–	184.20
Security deposits				
-With Statutory Authorities	–	29.41	–	29.41
-With others	–	47.88	–	47.88
Served from India Scheme / Service Exports from India Scheme Duty Credit Entitlement Account	24.50	–	1.17	–
Total	116.66	370.55	132.86	268.54

11. Equity share capital

	As at 31st March, 2020		As at 31st March, 2019	
	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, 2020 No. of Shares	As at 31st March, 2019 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, 2020		As at 31st March, 2019	
	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, 2020		As at 31st March, 2019	
	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.

		As at 31st March, 2020 (₹ in Lakhs)		As at March 31, 2019 (₹ in Lakhs)	
		Current	Non-Current	Current	Non-Current
12.	**Other financial liabilities**				
	Sundry deposits	12.63	9.45	14.48	7.55
	Payable to employees	82.51	–	71.46	–
	Payable for property, plant and equipment	3.10	–	1.16	–
	Payable towards employee share based payments	0.63	0.14	1.72	0.59
	Total	98.87	9.59	88.82	8.14
13.	**Provisions**				
	Provision for employee benefits:				
	— Gratuity [Refer Note 27]	2.90	7.52	25.35	–
	— Compensated absences	6.46	15.18	23.20	11.35
	Total	9.36	22.70	48.55	11.35
14.	**Other current liabilities**				
	Advances received from customers	97.80	–	34.23	–
	Statutory liabilities	10.65	–	31.30	–
	Total	108.45	–	65.53	–

Notes to the Financial Statements

		As at 31st March, 2020		As at 31st March, 2019	
		(₹ in Lakhs)		(₹ in Lakhs)	
15.	**Deferred tax liabilities (Net)** Deferred tax liabilities Deferred tax assets	 537.88 115.70		 583.26 135.45	
	Total		422.18		447.81

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
	(₹ in Lakhs)		(₹ in Lakhs)	
2018-19				
Deferred tax liabilities in relation to: On depreciation On financial assets at fair value through profit or loss	 582.91 1.79	 (1.90) 0.46	 - -	 581.01 2.25
Total deferred tax liabilities (A)	**584.70**	**(1.44)**	**-**	**583.26**
Deferred tax assets in relation to: On provision for employee benefits On provision for doubtful debts On unabsorbed depreciation	 16.02 - 102.25	 0.28 8.30 8.24	 0.36 - -	 16.66 8.30 110.49
Total deferred tax assets (B)	**118.27**	**16.82**	**0.36**	**135.45**
Deferred tax liabilities (net) [A-B]	**466.43**	**(18.26)**	**(0.36)**	**447.81**
2019-20 **Deferred tax liabilities in relation to:** On depreciation On financial assets at fair value through profit or loss	 581.01 2.25	 (68.13) 22.75	 - -	 512.88 25.00
Total deferred tax liabilities (A)	**583.26**	**(45.38)**	**-**	**537.88**
Deferred tax assets in relation to: On provision for employee benefits On provision for doubtful debts On unabsorbed depreciation	 16.66 8.30 110.49	 (11.15) (0.78) (10.37)	 2.55 - -	 8.06 7.52 100.12
Total deferred tax assets (B)	**135.45**	**(22.30)**	**2.55**	**115.70**
Deferred tax liabilities (net) [A-B]	**447.81**	**(23.08)**	**(2.55)**	**422.18**

The Company has capital losses of ₹ Nil (2019 - ₹ 306.93 Lakhs) for which no deferred tax assets have been recognised.

		For the year ended 31st March, 2020 (₹ in Lakhs)	For the year ended 31st March, 2019 (₹ in Lakhs)
16.	**Revenue from operations**		
	Sale of services:		
	Rooms	2607.75	2537.80
	Food and beverage	2950.73	3047.97
	Recreation and other services	162.17	251.61
	Total	5720.65	5837.38
	Other operating revenue*	99.40	65.04
	Total	5820.05	5902.42

Note:

* Includes Government Grants received/ accrued of ₹ 38.39 Lakhs (2018-2019: ₹ 18.15 Lakhs) on account of Served from India Scheme (SFIS)/ Service Exports from India Scheme (SEIS)

		For the year ended 31st March, 2020 (₹ in Lakhs)	For the year ended 31st March, 2019 (₹ in Lakhs)
17.	**Other Income**		
	Interest income	50.05	13.85
	Other non operating income	39.38	40.92
	Other gains and losses	338.86	91.83
	Total	428.29	146.60
	Interest income comprises interest from:		
	a) Deposits with bank - carried at amortised cost	46.98	5.31
	b) Others - from statutory authorities	3.07	8.54
	Total	50.05	13.85
	Other gains and losses:		
	a) Net foreign exchange (loss) / gain	(0.29)	(1.08)
	b) Net gain arising on financial assets mandatorily measured at FVTPL (Refer Note below)	339.15	92.91
	Total	338.86	91.83

Note:

Includes net gain on sale of current investments amounting to ₹ 239.79 Lakhs (2018-2019: ₹ 84.81 Lakhs)

		For the year ended 31st March, 2020 (₹ in Lakhs)	For the year ended 31st March, 2019 (₹ in Lakhs)
18.	**Employee benefits expense**		
	Salaries, wages and bonus	719.14	706.99
	Contribution to provident and other funds	47.95	39.64
	Gratuity (Refer Note 27)	12.29	12.08
	Remuneration of managers on deputation reimbursed	489.84	456.63
	Employee share based payments	3.91	18.38
	Staff welfare expenses	155.18	151.16
	Total	1428.31	1384.88

		For the year ended 31st March, 2020 (₹ in Lakhs)	For the year ended 31st March, 2019 (₹ in Lakhs)
19.	**Depreciation and amortisation expense**		
	Depreciation/ amortisation on tangible assets	333.67	311.48
	Amortisation on intangible assets	2.98	2.98
	Total	336.65	314.46
20.	**Other expenses**		
	Consumption of stores and supplies	252.48	232.96
	Power and fuel	699.32	711.78
	Rent	90.62	136.01
	Repairs to building	83.66	62.75
	Repairs to machinery	156.84	228.63
	Repairs - others	91.25	52.99
	Insurance	43.13	50.53
	Rates and taxes	179.15	199.62
	Travelling and conveyance	121.46	104.18
	Technical and consultancy fees	322.22	311.60
	Printing and stationary	31.75	32.95
	Information technology services	171.07	151.92
	Advertising / Sales Promotion	58.45	43.92
	Training and development	50.73	33.80
	Legal expenses	1.61	1.11
	Postage, telephone, etc.	8.60	11.65
	Commission paid to travel agents	65.64	58.15
	Bank and credit card charges	55.12	61.46
	Hotel reservation/ marketing expenses	197.87	211.58
	Contract services	438.04	444.70
	Loss on property, plant and equipment sold /discarded (including Capital Work-in-Progress-Project) [Net] (Refer note 31)	8.72	300.12
	Provision for doubtful receivables	–	29.85
	Miscellaneous expenses	157.68	229.04
	Auditors' remuneration and expenses (excluding taxes)		
	Audit Fees	11.00	11.00
	Tax Audit Fees	1.00	1.00
	Reimbursement of Expenses	0.64	0.66
	Total	3298.05	3713.96

Notes to the Financial Statements

		31st March, 2020 (₹ in Lakhs)	31st March, 2019 (₹ in Lakhs)
21.	**Earnings per share**		
	Profit / (Loss) after taxation [A]	323.78	(212.04)
	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]	1.35	(0.88)
22.	**Commitments**		
	The estimated amount of contracts remaining to be executed on capital account (net of advances: ₹ 28.71 Lakhs; March 31, 2019: ₹ Nil)	176.41	10.56
23.	**Contingent liability**		
	Claims against the Company not acknowledged as debts:		
	i) Indirect taxation matters *	378.56	377.60
	ii) Others	18.45	18.45

*including interest on claims, where applicable, estimated to be ₹ 14.37 Lakhs (March 31, 2019 : ₹ 13.41 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, 2020 (₹ in Lakhs)	31st March, 2019 (₹ in Lakhs)
a)	**Segment Revenue**		
	-Within India	5720.65	5837.38
	-Outside India	–	–
b)	**Non Current Assets**		
	-Within India	4578.84	4664.39
	-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. The Company has adopted Ind AS 116 'Leases' with date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company elected the practical expedient on initial application and applied the exemption not to recognise ROU asset and liabilities for leases with less than 12 month of lease term on the date of initial application. As all the leases of the Company are short term in nature, there is no impact of Ind AS 116 on the financial statements. The aggregate lease rentals payable are charged as 'Rent' under Note 20.

26. A sum of ₹ 2.08 Lakhs is payable to Micro and Small Enterprises as at 31st March, 2020 (2019 - ₹ 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, 2020. 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.

27. 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 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 these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation.

	For the year ended 31st March, 2020 (₹ in Lakhs)	For the year ended 31st March, 2019 (₹ in Lakhs)
	Gratuity Funded	Gratuity Funded
I. Components of Employer Expense		
A. Recognised in Statement of Profit and Loss		
- Current Service Cost	11.89	10.79
- Past Service Cost	–	–
- Net interest Cost	0.40	1.29
Total expense recognised in the Statement of Profit and Loss (A)	**12.29**	**12.08**
B. Re-measurements recognised in Other Comprehensive Income		
- Return on plan assets (excluding amounts included in net interest cost)	6.54	(2.16)
- Effect of changes in financial assumptions	5.90	–
- Effect of changes in demographic assumptions	(0.11)	4.92
- Effect of experience adjustments	(2.18)	(1.45)
Total re-measurements included in Other Comprehensive Income (B)	**10.15**	**1.31**
Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income (A+B)	**22.44**	13.39
The current service cost and net interest cost for the year pertaining to Gratuity expenses have been recognised in "Gratuity" under Note 18. The remeasurement of the net defined benefit liability are included in Other Comprehensive Income.		
II. Net Asset/Liability recognised in Balance Sheet		
- Present Value of Defined Benefit Obligation	146.72	132.05
- Fair Value of Plan Assets	136.30	106.70
- Status [Surplus/(Deficit)]	(10.42)	(25.35)
- Non-Current	7.52	–
- Current	2.90	25.35
III. Change in Defined Benefit Obligation		
Present Value of DBO at the beginning of the year	132.05	**122.84**
- Current Service cost	11.89	10.79
- Interest cost	9.52	8.70
- Re-measurements gains/ (losses)		
a. Effect of changes in demographic assumptions	(0.11)	4.92
b. Effect of changes in financial assumptions	5.90	–
c. Effect of experience adjustments	(2.18)	(1.45)
- Benefits paid	(10.35)	(13.75)
Present Value of DBO at the end of the year	**146.72**	**132.05**
IV. Best Estimate of Employer's Expected Contribution for the next year	44.25	50.32
V. Change in Fair Value of Assets		
Plan Assets at the beginning of the year	106.70	90.86
- Interest Income	9.12	7.41
- Re-measurements gains/ (losses) on plan assets	(6.54)	2.17
- Actual Company contributions	37.37	20.01
- Benefits paid	(10.35)	(13.75)
Plan Assets at the end of the year	136.30	106.70
VI. Actuarial Assumptions		
- Discount rate	6.25%	7.50%
- Salary increase rate	6%	5%
- Attrition Rate	28%	34%
- Retirement Age	58	58

Notes to the Financial Statements

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, 2020	DBO as at 31st March, 2019
- Discount rate +100 basis points	**142.87**	129.36
- Discount rate -100 basis points	**150.80**	134.87
- Salary Increase Rate +1%	**150.06**	134.28
- Salary Increase Rate -1%	**143.50**	129.89
- Attrition Rate +1%	**146.73**	132.20
- Attrition Rate -1%	**146.70**	131.89
Maturity analysis of the benefit payments		
- Year 1	**32.41**	47.53
- Year 2	**24.79**	32.37
- Year 3	**17.93**	22.08
- Year 4	**13.72**	14.99
- Year 5	**9.79**	10.39
- Next 5 years	**19.85**	17.69

28. Related party transactions

i) Holding Company : ITC Limited

ii) Key Management Personnel :

Board of Directors

G. Sivakumar Reddy	Chairman
Nakul Anand	Vice Chairman and Non Executive Director
Jagdish Singh	Non-Executive Director
B.N. Suresh Reddy	Non-Executive Director
Ashutosh Chhibba	Managing Director
Dipak Haksar	Non-Executive Director (upto March 1, 2020)
G Pranav Reddy	Non-Executive Director
Anil Chadha	Non-Executive Director
N.R. Pradeep Reddy	Non-Executive Director
Ashwin Moodliar	Non-Executive Director

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	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	**2019**
Sales of services	**25.69**	77.28	**5.87**	5.33	-	-	-	-
Transfer of capital work-in-progress and vendor balances in relation to Amritsar Project	-	6905.76	-	-	-	-	-	-
Purchase of goods	**73.64**	73.08	-	-	-	-	-	-
Purchase of services:					-	-		
- Hotel services	**69.17**	16.32	-	-	-	-	-	-
- Service fee	**337.73**	330.21	-	-	-	-	-	-
- Others	-	-	**31.52**	34.88	-	-	-	-
- Towards Property Plant and Equipment	-	-	-	-	-	-	-	-
Rent paid	-	-	-	-	-	-	**11.76**	11.76
Employee share based payments	**3.91**	18.38	-	-	-	-	-	-
Managerial Remuneration (includes reimbursement to holding company amounting to ₹ 50.52 Lakhs; March 31, 2019: ₹ 43.26 Lakhs)	-	-	-	-	**66.78**	54.39	-	-
Reimbursement of contractual remuneration:					-	-		
- Towards Property Plant and Equipment	-	44.27	-	-	-	-	-	-
- Others	**527.50**	497.81	-	-	-	-	-	-
Expenses recovered	**112.14**	247.48	-	-	-	-	-	-
Expenses reimbursed:					-	-		
- Towards Property Plant and Equipment	-	7.56	-	-	-	-	-	-
- Others	252.94	360.59	-	-	-	-	-	-

Notes to the Financial Statements

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

	Holding Company		Others		Key Management Personnel		Relatives of Key Management Personnel	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Balance outstanding at the year end :								
- Receivables	**1.22**	10.98	**0.60**	0.21	-	-	-	-
- Deposits taken	-	-	**0.50**	0.50	-	-	-	-
- Payables (Refer note below)	**75.12**	88.23	**4.00**	5.04	-	-	**0.98**	0.98
Commitments	-	-	-	-	-	-	-	-

Note: Net of TDS amounting to ₹ 22.99 Lakhs (March 31, 2019: ₹ 27.24 Lakhs)

29. Reconciliation of effective tax rate:

	For the year ended 31st March, 2020 (₹ in Lakhs)	For the year ended 31st March, 2019 (₹ in Lakhs)
Profit/ (Loss) before income tax expense	**300.70**	(230.30)
Income tax calculated @ 25.17% (March 31, 2019: 27.82%)*	**75.68**	(64.07)
Tax effect of amounts which are not deductible in calculating taxable income	**(11.16)**	81.43
Effect of tax relating to uncertain tax positions	**1.10**	4.95
Benefit of previously unrecognised tax losses	**(47.65)**	(15.18)
Effect of different tax rates on certain items	-	(25.39)
Effect of change in tax rates	**(41.05)**	-
Income tax expense	(23.08)	(18.26)

*The Government of India, vide Taxation Laws (Amendment) Ordinance, 2019 dated September 20th, 2019, introduced Section 115BAA in the Income Tax Act,1961, providing domestic companies an irrevocable option to adopt reduced corporate tax rate, subject to certain conditions, which The Company has considered the option to avail the same. The Company accordingly remeasured the Deferred Tax Liabilities (net) as at 31st March, 2019. The effect of the same has been considered in the tax expense for the year.

30. 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 March 31, 2020**	As at March 31, 2019
	No. of Options	No. of Options
Outstanding at the beginning of the year	**4,950**	22,277
Add: Granted during the year	-	-
Effect of Corporate Action (Bonus)	-	-
Options Forfeited / Surrendered during the year	-	-
Options due to transfer in and transfer out	-	(17,327)
Less: Exercised during the year	-	-
Outstanding at the end of the year	**4,950**	4,950
Options exercisable at the end of the year	**3,959**	2,226
Options Vested and Exercisable during the year	**1,733**	2,226

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 ₹ 4.35 Lakhs (2019 – ₹ 17.79 Lakhs) towards ITC ESOS and ₹ (0.44) Lakhs (2019 - ₹ 0.59 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)

Notes to the Financial Statements

31. Pursuant to the approval by the Members, vide a special resolution, at the extra ordinary general meeting of the Company held on November 10, 2018, the Company had transferred the moveable and immoveable assets, leasehold land rights, vendor balances, deposits, licenses, permits, consents, approvals, contracts and rights, etc. of whatsoever nature attached thereto, both present and future, relating to the Amritsar Hotel Project of the Company to ITC Limited, the Holding Company, at an aggregate consideration of ₹ 6,350 Lakhs plus applicable taxes. The consideration was determined basis valuation carried out by an independent valuer. The transaction had resulted in book loss of ₹ 279.22 Lakhs in relation to the aforementioned transfer which had been disclosed under "Loss on property, plant and equipment sold / discarded (including Capital Work-in-Progress-Project)"" [Net] in Note 20 to the Financials Statements.

32. 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 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, 2020		As at 31st March, 2019	
		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	43.71	43.71	167.36	167.36
ii) Other bank balances	8	1485.00	1485.00	83.57	83.57
iii) Investment in government securities	5	–	–	0.10	0.10
iv) Trade receivables	6	239.81	239.81	303.12	303.12
v) Other financial assets	9	58.30	58.30	30.42	30.42
Sub - total		1826.82	1826.82	584.57	584.57
b) Measured at Fair value through Profit or Loss					
i) Investment in mutual funds	5	4754.36	4754.36	5633.10	5633.10
Sub - total		4754.36	4754.36	5633.10	5633.10
Total financial assets		6581.18	6581.18	6217.67	6217.67
B. Financial liabilities					
a) Measured at amortised cost					
i) Trade payables	–	964.33	964.33	1008.85	1008.85
ii) Other financial liabilities	12	108.46	108.46	96.96	96.96
Sub - total		1072.79	1072.79	1105.81	1105.81
Total financial liabilities		1072.79	1072.79	1105.81	1105.81

* The carrying amounts of trade payables, other financial liabilities, cash and cash equivalents, other bank balances, investment in government securities, trade receivables and other financial assets are considered to be the same as their fair values 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 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.

a) Liquidity Risk:

The Company's Current assets aggregates ₹ 6874.28 Lakhs (March 31, 2019 – ₹ 6516.12 Lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 6283.07 Lakhs (March 31, 2019 – ₹ 5884.13 Lakhs) against an aggregate Current liability of ₹ 1181.01 Lakhs (March 31, 2019 – ₹ 1211.75 Lakhs). Further, while the Company's total equity stands at ₹ 9817.64 Lakhs (March 31, 2019 – ₹ 9501.46 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 approval, 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 action are initiated to avoid a default. In view of the short nature of its trade receivables, the Company makes provision for credit risk on an individual basis, if any.

Notes to the Financial Statements

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 cash payment, wherever required credit terms for customers are determined based on individual customer in accordance with the terms of the industry. Company's customer base is large and diverse. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low. Individual customer credit limits are imposed based on relevant factors such as market feedback, business potential and past records on selective basis. 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 ₹ 239.81 Lakhs (2019 - ₹ 303.12 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, 2020	As at 31st March, 2019
Opening Balance	29.85	–
Add: Provisions made (net)	–	29.85
Closing Balance	29.85	29.85

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 ₹ 4754.36 Lakhs (2019 - ₹ 5633.10 Lakhs).

33. Fair value hierarchy

The following table presents the fair value hierarchy of assets and liabilities:

	Fair value hierarchy level	**As at 31st March, 2020 Fair Value (₹ in Lakhs)**	As at 31st March, 2019 Fair Value (₹ in Lakhs)
Financial assets			
a) Measured at amortised cost			
(i) Investment in government securities	2	–	0.10
b) Measured at Fair Value through Profit or Loss			
(i) Investment in mutual funds	1	**4754.36**	5633.10
Total		**4754.36**	5633.20

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.

34. The Financial Statements were approved for issue by the Board of Directors on June 5, 2020.

On behalf of the board

Gunupati Sivakumar Reddy
Chairman

Ashutosh Chhibba
Managing Director

Rakshit Kapoor
Chief Financial Officer

Anupama Jha
Company Secretary

Place: Hyderabad
Date: June 5, 2020

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

1. Your Directors submit their Report for the financial year ended 31st March, 2020.

2. **FINANCIAL PERFORMANCE**

During the year, your Company recorded an Operating Income of ₹ 3,740.65 lakhs (previous year: ₹ 3,991.16 lakhs) registering a decline of 6%. The Other Income of the Company was ₹ 226.99 lakhs (previous year: ₹ 231.36 lakhs). Profit for the year was ₹ 269.29 lakhs (previous year: ₹ 661.09 lakhs).

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

		For the year ended 31st March, 2020 (₹ in lakhs)	For the year ended 31st March, 2019 (₹ in lakhs)
Profits			
a.	Profit Before Tax	**412.18**	**935.79**
b.	Less : Tax Expense		
	Current Tax	**183.04**	272.00
	Deferred Tax	**(40.15)**	2.70
c.	Profit for the year	**269.29**	**661.09**
d.	Other Comprehensive Income	**6.43**	1.83
e.	Total Comprehensive Income	**275.72**	**662.92**
Statement of Retained Earnings			
a.	At the beginning of the year	**2,808.28**	**2,213.17**
b.	Add : Profit for the year	**269.29**	661.09
c.	Add : Other Comprehensive Income	**6.43**	1.83
d.	Less:		
	- Dividend Paid	**807.76**	56.25
	- Income Tax on Dividend Paid	**166.04**	11.56
e.	At the end of the year	**2,110.20**	**2,808.28**

3. **INTERIM DIVIDEND**

Interim dividend of ₹ 167/- per Equity Share having nominal value of ₹ 10/- per Share, aggregating ₹ 7,51,51,336/-, was declared by your Directors on 17th December, 2019, in proportion to the amount paid-up on each Equity Share, out of the profits of the Company for payment to the Members whose names appeared on the Register of Members on the said date. Your Directors recommended that the said Interim Dividend has been treated as the Final Dividend for the financial year ended 31st March, 2020. No further dividend has been recommended by the directors.

4. **OPERATIONAL PERFORMANCE**

Your Company, which caters to the 'Mid-market to Upscale' segment through a chain of Fortune hotels, continues to forge new alliances and expand its footprint. Currently, the Company has an aggregate inventory of nearly 4,000 rooms spread over 52 properties of which 43 are operating hotels. Of the balance 9 properties, 2 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.

During the year, the company was awarded the 'Versatile Excellence Travel Award 2020 for Best Business Hotel Chain of the Year' and the 'Today's Traveller Award for Best Upscale Hotel Chain 2019', thereby strengthening its leadership position in the industry.

The outbreak of COVID-19 has significantly impacted the travel & tourism industry across all markets. Consequently, most of the properties under the brand are not currently operational. The Company has taken appropriate measures to ensure safety of all its employees. The Company is also working on re-designing its operating procedures with renewed focus on safety, health and hygiene to meet and surpass emergent best practices and consumer requirements.

5. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) Changes in Directors and Key Managerial Personnel during the year

During the year under review, there were no changes in the composition of the Board of Directors ('the Board') and Key Managerial Personnel of the Company.

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') and Articles 143 and 144 of the Articles of Association of the Company, Mr. Jagdish Singh (DIN: 00042258), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-appointment. Your Board has recommended his re-appointment.

6. **BOARD AND BOARD COMMITTEES**

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

A. Corporate Social Responsibility Committee

Mr. N. Anand	-	Chairman
Mr. J. Singh	-	Member
Mr. Samir MC	-	Member

B. New Alliance Approval Committee

Mr. J. Singh	-	Member
Mr. Samir MC	-	Member

Five meetings of the Board were held during the year ended 31st March, 2020.

7. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

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

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

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

8. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

9. **PARTICULARS OF EMPLOYEES**

The details of employee(s) drawing 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 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 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. 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 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 have arisen due to the still unfolding 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. 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 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.

12. **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 2** to this Report.

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

During the year ended 31st March, 2020, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

14. **RELATED PARTY TRANSACTIONS**

During the year ended 31st March, 2020, 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.

15. 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.

16. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 3** to this Report.

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

The Company's Auditors, Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC') were appointed at the Twenty-Fourth AGM to hold such office till the conclusion of the Twenty-Ninth AGM. Your Board has recommended for the approval of the Members, remuneration of Messrs. S R B C & CO LLP, Chartered Accountants for the financial year 2020-21. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the ensuing AGM of your 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

Conservation of Energy & Technology Absorption

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

Foreign Exchange Earnings and Outgo

During the year, there were no foreign exchange earnings (previous year: Nil), and foreign exchange outflow aggregated ₹ 14.27 lakhs (previous year: Nil).

On behalf of the Board of the
Fortune Park Hotels Limited

	Samir MC	**J. Singh**
Dated : 5th June, 2020	**Managing Director**	**Director**
Place : Gurugram	**Din: 08064002**	**Din: 00042258**

Annexure 1 to the Report of the Board of Directors
for the financial year ended on 31st March, 2020

[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*	44	Managing Director	1,97,14,886/-	99,46,454/-	MBA, Diploma in Hotel Management	24	16.10.2017	ITC Limited, Executive Vice President
Dhananjay Saliankar*	55	Head-Sales & Marketing	64,61,782/-	32,23,426/-	B. A. (Economics)	29	01.12.2017	ITC Limited, General Manager – Sales & Marketing
Jugal Kishore Batra*	49	Vice President – Finance	58,75,973/-	29,96,250/-	M.Com, ACA	24	10.11.2016	ITC Limited, Manager Finance – Projects
Arindam Kunar*	50	Vice President – Operations	55,73,142/-	34,00,627/-	Diploma in Hotel Management	29	01.01.2019	ITC Limited, General Manager Operations
Raj Kamal Chopra*	54	Corporate Chef	41,84,135/-	22,97,375/-	B.Com (P), Diploma in Hotel Management	33	01.04.2013	ITC Limited, Executive Chef
Kovid Sharma*	42	Head-Human Resources	40,30,757/-	23,09,645/-	B.Sc. (Hons.) Statistics, Masters in IR & HRM	19	15.09.2017	ITC Limited – Manager – Human Resource
P P Srivastava*#	60	EHS Manager	33,60,466/-	20,10,002/-	B.E.	38	11.07.2015	ITC Limited, Chief Engineer
Rajendra AJG Louzado	59	General Manager – Operations Support	42,38,095/-	24,28,310/-	Diploma in Hotel Management	38	17.03.2008	Prism Properties Private Limited, Manager
Ajay Joginderlal Sharma	53	General Manager	32,43,268/-	24,42,748/-	Diploma in Hotel Management	32	19.05.2015	Elixir Enterprises and Hotels Private Limited, Manager
Sharad Bhargava	44	Head – Business Development	31,44,140/-	22,13,410/-	Diploma in Hotel Management	24	01.08.2018	Sarovar Hotels Private Limited, GM-Development

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

Retired with effect from 10th January 2020.

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. Certain employees on deputation from ITC 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) Regulations, 2014]. ITC has 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 grant have not been considered as remuneration.

d. All appointments (except deputed employees) are / were contractual in accordance with terms and conditions as per Company's rules.

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

On behalf of the Board of the
Fortune Park Hotels Limited

	Samir M C	**J. Singh**
Dated : 5th June, 2020	**Managing Director**	**Director**
Place : Gurugram	**Din: 08064002**	**Din: 00042258**

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, 2020

[Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken		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. The Company undertakes its CSR activities: ● as listed in Schedule VII to the Companies Act, 2013, in line with the CSR initiatives of ITC and as approved by the CSR Committee of the Company; ● directly or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2.	Composition of CSR Committee		Mr. N. Anand (Chairman) Mr. Samir MC Mr. J. Singh
3.	Average net profit of the Company for last three financial years		₹ 7,66,76,919/-
4.	Prescribed CSR expenditure (two percent of the amount stated under 3 above)		₹ 15,33,539/-
5.	Details of CSR spent during the financial year 2019-20:	Total amount spent for the financial year	₹ 15,34,000/-
		Total amount unspent	NIL

Manner in which the amount spent during the financial year 2019-20 is detailed below:

CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
Contribution to ITC Rural Development Trust	Undertaking rural development projects [covered under Clause (x) of Schedule VII to the Companies Act, 2013]	N. A.	₹ 15,34,000/-	₹ 15,34,000/-	₹ 15,34,000/-	Implementing Agency - ITC Rural Development Trust, Kolkata

6. The CSR Committee of the Board has confirmed that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

On behalf of the Board of the

Dated : 5th June, 2020
Place : Gurugram

N. Anand **Chairman - CSR Committee**	**Samir MC** **Managing Director**	**J. Singh** **Director**

Annexure 3 to the Report of the Board of Directors
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U55101HR1995PLC052281
ii)	Registration Date	:	26th July 1995
iii)	Name of the Company	:	Fortune Park Hotels Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	ITC Green Centre 10, Institutional Area Sector 32, Gurugram - 122001 Phone: 0124 4171717 e-mail: fphl@fortunehotels.in
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the product/ service	% to total turnover of the Company
1.	Hotel services	55101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	4,50,008	4,50,008	100.00	–	4,50,008	4,50,008	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**–**	**4,50,008**	**4,50,008**	**100.00**	**–**	**4,50,008**	**4,50,008**	**100.00**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**4,50,008**	**4,50,008**	**100.00**	**–**	**4,50,008**	**4,50,008**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1):	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Grand Total (A+B+C)	**–**	**4,50,008**	**4,50,008**	**100.00**	**–**	**4,50,008**	**4,50,008**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	4,50,008	100.00	Nil	4,50,008	100.00	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NOT APPLICABLE

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in ₹)

Sl. No.	Particulars of Remuneration	Samir MC (Managing Director) *(refer Note 1)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	170,25,972
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	15,79,600
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
	Total Amount (A)	**1,86,05,572**
	Ceiling as per the Companies Act, 2013	**>84,00,000 per annum** *(refer Note 2)*

Note 1: Mr. Samir MC is on deputation from ITC Limited (ITC) and has been granted Employee Stock Appreciation Linked Reward Units (ESAR Units) by ITC under its Stock Appreciation Linked Reward Plan. Since these ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Units, and accordingly the said grant has not been considered as remuneration.

Note 2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2020 are inadequate. The appointment of Mr. Samir MC is governed by the resolution passed by the Board and the shareholders of the Company. The statutory provisions apply with respect to notice period and severance fee.

B. Remuneration to other Directors: (Amount in ₹)

Sl. No.	Name of Directors	Particulars of Remuneration		Total Amount
		Fee for attending Board and Board Committee meetings	**Commission**	
1.	**Other Non - Executive Directors**			
	N. Anand	Nil	Nil	Nil
	J. Singh			
Total Amount (B)				**Nil**
Total Managerial Remuneration (A+B)				**1,86,05,572**
Overall ceiling as per the Companies Act, 2013				**>84,00,000 per annum** *(refer Note)*

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2020 are inadequate.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: NOT APPLICABLE

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013: None

On behalf of the Board of the
Fortune Park Hotels Limited

Samir M C
Managing Director
Din: 08064002

J. Singh
Director
Din: 00042258

Dated : 5th June, 2020
Place : Gurugram

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORTUNE PARK HOTELS LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Fortune Park Hotels Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, 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 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, 2020, its profit/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 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.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the 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 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 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.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2019, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on April 23, 2019.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act based on our audit, , we give in the "Annexure 1"a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 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) 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.

For **SRBC & Co LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982/E300003

per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 20095169AAAABJ3692
Place of Signature: Gurugram
Date: June 05, 2020

Annexure 1 referred to in paragraph 1 of our report of even date under section 'Report on other legal and regulatory requirements'

Re: Fortune Park Hotels Limited ("the Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment/ fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(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 and cess which have not been deposited on account of any dispute.

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) 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, transactions with the related parties are in compliance with section 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) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) 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.

For **SRBC & Co LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982/E300003

per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 20095169AAAABJ3692
Place of Signature: Gurugram
Date: June 05, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FORTUNE PARK HOTELS LIMTED

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

We have audited the internal financial controls over financial reporting of Fortune Park Hotels Limited ("the Company") as of March 31, 2020 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 (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, 2020, 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 Sanjay Vij
Partner
Membership Number: 095169
UDIN: 20095169AAAABJ3692
Place of Signature: Gurugram
Date: June 05, 2020

Balance Sheet

(All amounts in rupees unless otherwise stated)

	Notes	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	**26,02,098**	22,33,995
Deferred tax assets (net)	4	**2,67,76,452**	2,29,78,265
Income tax assets (net)	5	**5,46,18,648**	5,79,78,255
Total non-current assets		**8,39,97,198**	8,31,90,515
Current assets			
Financial assets			
i. Investments	6(a)	**5,69,89,556**	12,13,86,658
ii. Trade receivables	6(b)	**16,06,79,003**	14,86,86,559
iii. Cash and cash equivalents	6(c)	**62,72,920**	1,31,23,551
iv. Others	6(d)	**1,54,19,149**	1,38,38,930
Other current assets	7	**11,28,284**	26,78,840
Total current assets		**24,04,88,912**	29,97,14,538
Total assets		**32,44,86,110**	38,29,05,053
EQUITY AND LIABILITIES			
Equity share capital	8	**45,00,080**	45,00,080
Other equity		**24,77,67,713**	31,75,75,532
Total equity		**25,22,67,793**	32,20,75,612
LIABILITIES			
Non-current liabilities			
Other financial liabilities	9(a)	**7,92,220**	13,72,761
Provisions	10(a)	**95,43,421**	1,20,46,362
Total non-current liabilities		**1,03,35,641**	1,34,19,123
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		**2,90,01,478**	1,45,48,692
ii. Other financial liabilities	9(c)	**52,93,517**	61,71,048
Provisions	10(b)	**1,17,95,412**	63,95,354
Other current liabilities	11	**1,57,92,269**	2,02,95,224
Total current liabilities		**6,18,82,676**	4,74,10,318
Total liabilities		**7,22,18,317**	6,08,29,441
Total equity and liabilities		**32,44,86,110**	38,29,05,053

The accompanying notes 1 to 27 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
Sanjay Vij
Partner
Membership Number : 095169
Place : Gurugram
Date : 05th June, 2020

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 05th June, 2020

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 05th June, 2020

Statement of Profit and Loss
(All amounts in rupees unless otherwise stated)

	Notes	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Revenue from operations	12	**37,40,64,755**	39,91,15,573
Other income	13	**2,26,99,094**	2,31,35,945
Total income		**39,67,63,849**	42,22,51,518
Expenses			
Employee benefits expense	14	**27,12,71,889**	26,74,39,691
Depreciation expense	3	**8,30,472**	10,70,981
Other expenses	15	**8,34,43,031**	6,01,61,711
Total expenses		**35,55,45,392**	32,86,72,383
Profit before tax		**4,12,18,457**	9,35,79,135
Income tax expense			
-Current tax	16	**1,83,03,791**	2,72,00,000
-Deferred tax	16	**(40,14,531)**	2,70,394
Total tax expense		**1,42,89,260**	2,74,70,394
Profit for the year		**2,69,29,197**	6,61,08,741
Other comprehensive income			
Items that will not be reclassified to profit or loss			
-Remeasurements of post-employment benefit obligations		**8,59,600**	2,53,816
-Income tax relating to these items		**(2,16,344)**	(70,612)
Other comprehensive income for the year, net of tax		**6,43,256**	1,83,204
Total comprehensive income for the year		**2,75,72,453**	6,62,91,945
Earnings per equity share			
Basic earnings per share	17	**59.84**	146.91
Diluted earnings per share	17	**59.84**	146.91

The accompanying notes 1 to 27 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
Sanjay Vij
Partner
Membership Number : 095169
Place : Gurugram
Date : 05th June, 2020

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 05th June, 2020

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 05th June, 2020

Statement of changes in equity
(All amounts in rupees unless otherwise stated)

A. Equity Share Capital

Balance as at 1st April, 2018	**45,00,080**
Changes in Equity Share Capital	–
Balance as at 31st March, 2019	**45,00,080**
Changes in Equity Share Capital	–
Balance at 31st March, 2020	**45,00,080**

B. Other Equity

	Reserves and Surplus			
	Capital Reserve	Retained Earnings	General Reserve	Total
Balance as at 1st April, 2018	30,00,000	22,13,16,944	3,37,47,999	25,80,64,943
Profit for the year	–	6,61,08,741	-	6,61,08,741
Other comprehensive income (net of tax)	–	1,83,204	-	1,83,204
Total comprehensive income	–	**6,62,91,945**	-	**6,62,91,945**
Dividend paid		(56,25,100)		(56,25,100)
Income tax on dividend paid	-	(11,56,256)	-	(11,56,256)
Balance as at 31st March, 2019	**30,00,000**	**28,08,27,533**	**3,37,47,999**	**31,75,75,532**
Profit for the year	–	2,69,29,197	-	2,69,29,197
Other comprehensive income (net of tax)	–	6,43,256	-	6,43,256
Total comprehensive income	–	**2,75,72,453**	-	**2,75,72,453**
Dividend paid *	–	(8,07,76,436)	-	(8,07,76,436)
Income tax on dividend paid	–	(1,66,03,836)	-	(1,66,03,836)
Balance as at 31st March, 2020	**30,00,000**	**21,10,19,714**	**3,37,47,999**	**24,77,67,713**

*The Company had paid a final dividend of ₹ 12.50 per share on equity shares of ₹ 10/- each, aggregating to ₹ 56,25,100 (Previous year : ₹ 56,25,100) for the year ended 31st March, 2019. The tax impact of dividend is ₹ 11,56,256 (Previous year : ₹ 11,56,256). During the current year, an interim dividend of ₹ 167.00 per share on equity shares of ₹ 10/- each, aggregating to ₹ 7,51,51,336 had been paid. The tax impact of dividend is ₹ 1,54,47,580.

- Capital reserve represents amount received as compensation of rights under contract.
- Retained earnings represents the cumulative profit as well as remeasurement of defined benefit plans, distribution as per provisions of Companies Act, 2013.
- General reserve is used for strengthening the financial position and meeting future contingencies and losses.

The accompanying notes 1 to 27 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
Sanjay Vij
Partner
Membership Number : 095169
Place : Gurugram
Date : 05th June, 2020

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 05th June, 2020

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 05th June, 2020

Cash Flow Statement

(All amounts in rupees unless otherwise stated)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from operating activities		
Profit before tax	4,12,18,457	9,35,79,135
Adjustments for :		
Depreciation expense	8,30,472	10,70,981
Loss on sale of property, plant and equipment - Net	67,449	59,172
Provisions for doubtful debts and other financial assets	2,00,46,497	17,32,560
Bad debts written off	–	29,03,011
Net (gain)/loss arising on investments mandatorily measured at fair value through profit and loss	(82,93,681)	(71,78,331)
Operating profit before working capital changes	5,38,69,194	9,21,66,528
Adjustments for :		
Trade receivables, advances and other assets	(3,20,68,604)	(91,50,185)
Trade payables, other liabilities and provisions	1,22,48,476	(1,16,06,443)
Cash generated from operations	3,40,49,066	7,14,09,900
Income tax paid	(1,49,44,185)	(4,27,27,016)
Net cash from operating activities	1,91,04,881	2,86,82,884
Cash flow from investing activities		
Purchase of property, plant and equipment	(12,66,023)	(1,17,629)
Purchase of current investments	(51,97,69,316)	(37,81,00,000)
Sale / redemption of current investments	59,24,60,099	36,34,06,806
Net cash from/(used) in investing activities	7,14,24,760	(1,48,10,823)
Cash flow from financing activities		
Dividend paid	(8,07,76,436)	(56,25,100)
Income tax on dividend paid	(1,66,03,836)	(11,56,256)
Net cash used in financing activities	(9,73,80,272)	(67,81,356)
Net increase in cash and cash equivalents	(68,50,631)	70,90,705
Opening cash and cash equivalents	1,31,23,551	60,32,846
Closing cash and cash equivalents	62,72,920	1,31,23,551
Cash and cash equivalents comprise of :		
Balances with Banks	62,49,970	1,30,68,354
Cash on hand	22,950	55,197
Cash and cash equivalents at the end of the year [Refer note 6(c)]	62,72,920	1,31,23,551

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 27 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
Sanjay Vij
Partner
Membership Number : 095169
Place : Gurugram
Date : 05th June, 2020

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 05th June, 2020

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 05th June, 2020

Notes forming part of the financial statements

BACKGROUND OF THE COMPANY

Fortune Park Hotels Limited, a 100% subsidiary of ITC Limited is in the business of operating hotels in the mid – market to upscale segment under 'Fortune' Brands. It currently operates 43 hotels.

Note 1: SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been applied to all the years presented, unless otherwise stated (Refer Note 26).

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

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 the contract 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 for significant lease components in a contract 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. 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 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 ROU Asset.

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.

l) TAXES ON INCOME

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income, are disclosed separately under Other Comprehensive Income, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the period.

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

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

m) CLAIMS

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

n) PROVISIONS

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

o) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

p) EARNINGS PER SHARE

Basic earnings per share computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

q) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee headed by the Managing Director.

Note 2: Use of critical estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and action, actual results could defer from these estimates.

The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligations Note 10 and 14
- Impairment of trade receivables and other financial assets Note 6 (b) and 6 (d)

Notes forming part of the financial statements (Contd.)

(All amounts in rupees 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, 2019						
Gross carrying amount						
Opening gross carrying amount	4,30,824	46,069	4,64,311	44,27,680	22,23,598	75,92,482
Additions	–	–	–	–	1,17,629	1,17,629
Disposals	–	–	(1,34,513)	(14,383)	(29,219)	(1,78,115)
Closing gross carrying amount	**4,30,824**	**46,069**	**3,29,798**	**44,13,297**	**23,12,008**	**75,31,996**
Accumulated depreciation						
Opening accumulated depreciation	2,19,130	18,045	3,29,548	31,50,193	6,29,047	43,45,963
Depreciation charge during the year	20,886	6,014	34,818	6,57,526	3,51,737	10,70,981
Disposals	–	–	(1,18,943)	–	–	(1,18,943)
Closing accumulated depreciation	**2,40,016**	**24,059**	**2,45,423**	**38,07,719**	**9,80,784**	**52,98,001**
Net carrying amount	**1,90,808**	**22,010**	**84,375**	**6,05,578**	**13,31,224**	**22,33,995**
Year ended 31st March, 2020						
Gross carrying amount						
Opening gross carrying amount	4,30,824	46,069	3,29,798	44,13,297	23,12,008	75,31,996
Additions	–	–	–	12,66,023	–	12,66,023
Disposals	–	–	(22,107)	(1,22,966)	–	(1,45,073)
Closing gross carrying amount	**4,30,824**	**46,069**	**3,07,691**	**55,56,354**	**23,12,008**	**86,52,946**
Accumulated depreciation						
Opening accumulated depreciation	2,40,016	24,059	2,45,423	38,07,719	9,80,784	52,98,001
Depreciation charge during the year	20,886	6,015	28,708	4,16,636	3,58,227	8,30,472
Disposals	–	–	(20,154)	(57,470)	–	(77,625)
Closing accumulated depreciation	**2,60,902**	**30,074**	**2,53,977**	**41,66,884**	**13,39,011**	**60,50,848**
Net carrying amount	**1,69,922**	**15,995**	**53,714**	**13,89,470**	**9,72,997**	**26,02,098**

Contractual obligations

Refer to note 22 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Note 4: Deferred tax assets (net)

	Deferred tax assets				Deferred tax liabilities			Net Deferred Tax Assets (A-B)
	On employee benefit	On allowances for doubtful trade 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, 2018	57,22,711	1,76,02,819	4,17,631	2,37,43,161	(1,69,300)	(2,54,590)	(4,23,890)	2,33,19,271
(Charged)/credited:								
- to profit or loss	(4,88,194)	4,81,998	(2,22,560)	(2,28,756)	89,540	(1,31,178)	(41,638)	(2,70,394)
- to other comprehensive income	(70,612)	–	–	(70,612)	–	–	–	(70,612)
At 31st March, 2019	**51,63,905**	**1,80,84,817**	**1,95,071**	**2,34,43,793**	**(79,760)**	**(3,85,768)**	**(4,65,528)**	**2,29,78,265**
(Charged)/credited:								
- to profit or loss	6,60,013	33,21,329	(18,595)	39,62,746	15,740	36,045	51,784	40,14,531
- to other comprehensive income	(2,16,344)	–	–	(2,16,344)	–	–	–	(2,16,344)
At 31st March, 2020	**56,07,574**	**2,14,06,146**	**1,76,476**	**2,71,90,195**	**(64,021)**	**(3,49,723)**	**(4,13,744)**	**2,67,76,452**

The Company has long term capital losses of ₹ 11,67,837 (Previous year : ₹ 11,67,837) for which deferred tax assets has not been recognised, which is due to expire by financial year 2021-22.

Note 5: Income tax assets (net)

	As at 31st March, 2020	As at 31st March, 2019
Advance tax [Net of provisions ₹ 10,20,67,000 (31.03.2019 ₹ 13,90,90,229)]	**5,46,18,648**	5,79,78,255
Total income tax assets (net)	**5,46,18,648**	**5,79,78,255**

Notes forming part of the financial statements (Contd.)

(All amounts in rupees unless otherwise stated)

Note 6: Financial assets - current

Note 6(a) Investments

	As at 31st March, 2020	As at 31st March, 2019
Unquoted		
Investment in mutual funds measured at FVTPL		
ICICI Prudential Corporate Bond Fund		
[1609302.056 units: Previous year (Nil units)] of ₹ 10/- each	3,46,16,248	–
Kotak Liquid Fund		
[4373.109 units: Previous year (Nil units)] of ₹ 1,000/- each	1,75,57,460	–
SBI Liquid Fund		
[1548.993 units: Previous year (17,098.248 units)] of ₹ 1,000/- each	48,15,848	5,00,73,416
Aditya Birla Sun Life Liquid Fund		
[Nil units: Previous year (66,773.898 units)] of ₹ 100/- each	–	2,00,61,296
ICICI Prudential Liquid Fund		
[1,85,415.779 units: Previous year (Nil units)] of ₹ 100/- each	–	5,12,51,946
Total investments	**5,69,89,556**	**12,13,86,658**

Note 6(b) Trade receivables

	As at 31st March, 2020	As at 31st March, 2019
Unsecured, Considered Good	16,06,79,003	14,86,86,559
Credit impaired	8,05,51,473	5,98,88,982
Less: Provision for impairment	(8,05,51,473)	(5,98,88,982)
Total trade receivables	**16,06,79,003**	**14,86,86,559**

Note 6(c) Cash and cash equivalents

	As at 31st March, 2020	As at 31st March, 2019
Balances with banks		
- in current accounts	62,49,970	1,30,68,354
Cash on hand	22,950	55,197
Total cash and cash equivalents	**62,72,920**	**1,31,23,551**

Note 6(d) Others

	As at 31st March, 2020	As at 31st March, 2019
Other assets - Unsecured unless stated otherwise		
- Contractually reimbursable cost - Considered good	1,47,27,149	1,31,96,930
- Contractually reimbursable cost - Credit impaired	45,01,554	51,17,548
Less: Provision for impairment	(45,01,554)	(51,17,548)
- Security deposits	6,92,000	6,42,000
Total others	**1,54,19,149**	**1,38,38,930**

Note 7 : Other current assets

	As at 31st March, 2020	As at 31st March, 2019
Prepayment expenses	3,10,190	5,22,622
GST recoverable	8,18,094	21,56,218
Total other current assets	**11,28,284**	**26,78,840**

Notes forming part of the financial statements (Contd.)

(All amounts in rupees unless otherwise stated)

Note 8: Equity share capital

Particulars		As at 31st March, 2020	As at 31st March, 2019
Authorised			
20,00,000 (Previous year 20,00,000) equity shares of ₹ 10 each		**2,00,00,000**	2,00,00,000
	Total	**2,00,00,000**	**2,00,00,000**
Issued, subscribed and paid up			
4,50,008 (Previous year 4,50,008) equity shares of ₹ 10 each		**45,00,080**	45,00,080
	Total	**45,00,080**	**45,00,080**

(i) Movements in equity share capital

Particulars	Number of shares	Amount
As at 1st April, 2018	4,50,008	45,00,080
Add: Increase / less changes during the year	–	–
As at 31st March, 2019	**4,50,008**	**45,00,080**
Add: Increase / less changes during the year	–	–
As at 31st March, 2020	**4,50,008**	**45,00,080**

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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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, 2020	As at 31st March, 2019
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, 2020		As at 31st March, 2019	
	Number of shares	% holding	Number of shares	% holding
ITC Limited, the holding company	**4,50,002**	**99.98%**	4,50,002	99.98%
Held by management personnel as nominees of ITC Limited	**6**	**0.02%**	6	0.02%

Note 9: Financial liabilities

Note 9(a): Other financial liabilities

	As at 31st March, 2020	As at 31st March, 2019
Non-Current		
Payable to holding company (Refer Note 21)	**7,92,220**	13,72,761
Total other financial liabilities	**7,92,220**	**13,72,761**

Note 9(b) : Trade payables

	As at 31st March, 2020	As at 31st March, 2019
Current		
Total outstanding dues of micro and small enterprises #	–	–
Total outstanding dues of creditors other than micro and small enterprises	**2,90,01,478**	1,45,48,692
Total trade payables	**2,90,01,478**	**1,45,48,692**

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, 2020	As at 31st March, 2019
Current		
Employee benefits payable	**50,14,390**	54,71,057
Payable to holding Company (Refer Note 21)	**2,79,127**	6,99,991
Total other financial liabilities	**52,93,517**	**61,71,048**

Note 10 (a) Provisions

	As at 31st March, 2020	As at 31st March, 2019
Non-current		
Provision for employee benefits (Refer Note 14)		
- Retirement benefits	**57,58,438**	56,51,268
- Other benefits	**37,84,983**	63,95,094
Total provision	**95,43,421**	**1,20,46,362**

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

Note 10 (b) Provisions

	As at 31st March, 2020	As at 31st March, 2019
Current		
Provision for employee benefits (Refer Note 14)		
- Retirement benefits	34,37,372	37,93,721
- Other benefits	83,58,040	26,01,633
Total provision	1,17,95,412	63,95,354

Note 11: Other current liabilities

	As at 31st March, 2020	As at 31st March, 2019
Deferred revenue received in advance #	52,39,531	38,49,531
Advance from customers	29,45,122	47,38,000
Statutory dues including provident fund and tax deducted at source	76,07,616	1,17,07,693
Total other current liabilities	1,57,92,269	2,02,95,224

 # Revenue recognised in relation to contract liabilities

	As at 31st March, 2020	As at 31st March, 2019
Opening balance	38,49,531	47,04,531
Add: Received during the year net of revenue recognised during the year	26,00,000	37,00,000
Less: Revenue recognised that relates to carried-forward contract liabilities	12,10,000	45,55,000
Closing Balance	52,39,531	38,49,531

Note 12: Revenue from operations

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Rendering of services [Refer Note 26(iii)]		
- Operating and marketing services	25,14,07,785	27,41,60,399
- Recoveries of salaries*	12,26,56,970	12,24,55,174
- Income from alliance closure	–	25,00,000
Total revenue	37,40,64,755	39,91,15,573

* Recoveries of salary cost of deputed personnel from alliances.

Note 13 : Other income

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest income - from Others - (statutory authorities)	76,95,616	–
Net gain on financial assets mandatorily measured at fair value through profit or loss	13,89,556	13,86,658
Net gain on sale of investments	69,04,125	57,91,673
Liabilities no longer required written-back	50,84,767	1,38,39,191
Miscellaneous income	16,25,030	21,18,423
Total other income	2,26,99,094	2,31,35,945

Note 14: Employee benefits expense

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salary, wages and bonus	20,26,34,119	19,86,89,795
Reimbursement of remuneration of deputed managers	4,89,80,484	3,87,98,295
Share based payments expense for deputed managers	11,51,524	56,54,520
Contribution to employees provident and other funds	99,62,872	1,31,47,058
Staff welfare expenses	85,42,890	1,11,50,023
Total employee benefits expense	27,12,71,889	26,74,39,691

The Company has accounted for the defined benefit and retirement benefit plan and contribution scheme as under:

[a] Defined benefit plan / long term compensated absences

Gratuity : The employees are entitled to gratuity that is computed as half-month's salary, for every completed year of service and is payable on separation/retirement. The Company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation. The Company pays contribution to Life Insurance Corporation of India to fund its plan.

Leave encashment : The employees are entitled for leave for each year of service and part thereof, 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.

Notes forming part of the financial statements (Contd.)
(All amounts in rupees 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, 2018	**1,18,22,218**	**(1,04,16,464)**	**14,05,754**	**–**	**14,05,754**
Current service cost	26,46,464	–	26,46,464	–	26,46,464
Past service cost	–	–	–	–	–
Interest expense/(income)	8,03,080	(9,33,707)	(1,30,628)	–	(1,30,628)
Change in asset ceiling, excluding amounts included in interest expense	–	–	–	20,45,084	20,45,084
Total amount recognised in profit or loss	**34,49,544**	**(9,33,707)**	**25,15,836**	**20,45,084**	**45,60,920**
Remeasurements					
Return on plan assets, excluding amounts included in interest expense/(income)	–	1,14,904	1,14,904	–	1,14,904
(Gain)/loss from change in demographic assumptions	19,582	–	19,582	–	19,582
(Gain)/loss from change in financial assumptions	–	–	–	–	–
Experience (gains)/losses	(6,25,047)	–	(6,25,047)	–	(6,25,047)
Change in asset ceiling, excluding amounts included in interest expense	–	–	–	–	–
Total amount recognised in other comprehensive income	**(6,05,465)**	**1,14,904**	**(4,90,560)**	**–**	**(4,90,560)**
Contributions:					
Employers					
Plan participants	–	(54,76,114)	(54,76,114)	–	(54,76,114)
Benefit payments	(22,28,982)	22,28,982	–	–	–
31st March, 2019	**1,24,37,315**	**(1,44,82,399)**	**(20,45,084)**	**20,45,084**	**–**

	Present value of obligation	Fair value of plan assets	Total	Impact of asset ceiling	Net amount
1st April, 2019	**1,24,37,315**	**(1,44,82,399)**	**(20,45,084)**	**20,45,084**	**–**
Current service cost	27,46,072	–	27,46,072	–	27,46,072
Past service cost	–	–	–	–	–
Interest expense/(income)	8,49,005	(10,32,599)	(1,83,594)	–	(1,83,594)
Change in asset ceiling, excluding amounts included in interest expense	–	–	–	(17,80,804)	(17,80,804)
Total amount recognised in profit or loss	**35,95,077**	**(10,32,599)**	**25,62,478**	**(17,80,804)**	**7,81,674**
Remeasurements					
Return on plan assets, excluding amounts included in interest expense/(income)	–	2,26,933	2,26,933	–	2,26,933
(Gain)/loss from change in demographic assumptions	40,575	–	40,575	–	40,575
(Gain)/loss from change in financial assumptions	2,70,824	–	2,70,824	–	2,70,824
Experience (gains)/losses	(13,20,006)	–	(13,20,006)	–	(13,20,006)
Change in asset ceiling, excluding amounts included in interest expense	–	–	-	–	-
Total amount recognised in other comprehensive income	**(10,08,607)**	**2,26,933**	**(7,81,674)**	**–**	**(7,81,674)**
Contributions:					
Employers					
Plan participants	–	–	–	–	–
Benefit payments	(22,34,498)	22,34,498	–	–	–
31st March, 2020	**1,27,89,287**	**(1,30,53,567)**	**(2,64,280)**	**2,64,280**	**–**

The net liability disclosed above relates to funded and unfunded plans are as follows:

	31st March, 2020	31st March, 2019
Present value of funded obligations	**1,27,89,287**	1,24,37,315
Fair value of plan assets	**(1,30,53,567)**	(1,44,82,399)
Funded status	**(2,64,280)**	(20,45,084)
Effect of asset ceiling	**2,64,280**	20,45,084
Net defined benefit liability (asset)	**–**	–

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, 2020	31st March, 2019
Discount rate	**6.25% p.a.**	7.50% p.a.
Salary Growth Rate	**5.00% p.a.**	5.00% p.a.
Attrition Rate	**30.00% p.a.**	33.00% p.a.

Notes forming part of the financial statements (Contd.)
(All amounts in rupees 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, 2020	As At 31st March, 2019
Discount Rate + 100 basis points	1,24,85,956	1,21,80,119
Discount Rate - 100 basis points	1,31,10,046	1,27,07,808
Salary Increase Rate + 1%	1,30,48,833	1,26,51,633
Salary Increase Rate – 1%	1,25,39,431	1,22,30,061
Attrition Rate + 1%	1,27,67,873	1,24,28,934
Attrition Rate – 1%	1,28,10,524	1,24,45,169

Leave encashment - unfunded

	As At 31st March, 2020	As At 31st March, 2019
	Present value of obligation	Present value of obligation
Opening Balance	94,44,989	1,00,93,281
Current service cost	9,34,391	8,87,495
Past service cost	–	–
Interest expense/(income)	6,42,807	6,65,567
Total amount recognised in profit or loss	15,77,198	15,53,062
Remeasurements		
Return on plan assets, excluding amounts included in interest expense/(income)	–	–
(Gain)/loss from change in demographic assumptions	(25,283)	(67,689)
(Gain)/loss from change in financial assumptions	2,14,422	–
Experience (gains)/losses	(2,67,065)	3,04,433
Change in asset ceiling, excluding amounts included in interest expense	–	–
Total amount recognised in other comprehensive income	(77,926)	2,36,744
Contributions: Employers		
Plan participants	–	–
Benefit payments	(17,48,451)	(24,38,098)
Closing Balance	91,95,810	94,44,989

The significant actuarial assumptions were as follows:

	31st March, 2020	31st March, 2019
Discount rate	6.25% p.a.	7.50% p.a.
Salary Growth Rate	5.00% p.a.	5.00% p.a.
Attrition Rate	30.00% p.a.	33.00% p.a.

Sensitivity Analysis

	Defined Benefit Obligation	
	As At 31st March, 2020	As At 31st March, 2019
Discount Rate + 100 basis points	89,90,981	92,61,240
Discount Rate - 100 basis points	94,12,038	96,37,970
Salary Increase Rate + 1%	93,68,059	95,95,186
Salary Increase Rate – 1%	90,29,771	92,99,598
Attrition Rate + 1%	92,07,921	94,60,377
Attrition Rate – 1%	91,82,968	94,28,819

[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 ₹ 85,78,299 (Previous year : ₹ 79,84,702).

Notes forming part of the financial statements (Contd.)

(All amounts in rupees unless otherwise stated)

Note 15: Other expenses

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Repairs and maintenance - others	10,52,507	31,85,110
Rent (Refer note 23)	62,54,228	56,62,370
Printing and stationery	4,84,436	6,02,460
Travelling and conveyance	1,62,18,169	1,68,15,624
Advertisement / sales promotion	1,68,56,092	1,16,61,991
Legal expenses	47,58,000	21,08,410
Consultancy / professional fees	89,90,092	71,64,182
Postage and telephone	10,50,682	14,74,321
Insurance	30,747	2,23,513
Information technology services	31,26,587	35,06,939
Training and development	23,13,697	3,97,871
Bad debts written-off	–	29,03,011
Provisions for doubtful debts and other financial assets	2,00,46,497	17,32,560
Loss on sale of property, plant and equipment - Net	67,449	59,172
Payment to the auditors [Refer note 15(a)]	4,13,500	5,91,500
Expenditure towards corporate social responsibility activities [Refer note 15(b)]	15,34,000	16,37,000
Miscellaneous	2,46,348	4,35,677
Total other expenses	**8,34,43,031**	**6,01,61,711**

Note 15 (a): Details of payments to auditors

Payment to auditors (excluding GST)		
As auditor:		
Audit fees	3,50,000	3,50,000
Tax audit fees	–	1,00,000
Fees for other services	–	75,000
Re-imbursement of expenses	63,500	66,500
Total payments to auditors	**4,13,500**	**5,91,500**

Note 15 (b): Corporate social responsibility expenditure

Contribution to ITC Rural Development Trust	15,34,000	16,37,000
Total	15,34,000	16,37,000
Amount required to be spent as per Section 135 of the Act	15,33,539	16,36,684
Amount spent during the year on		
(i) Construction/acquisition of an asset	–	–
(ii) On purposes other than (i) above	15,34,000	16,37,000

Note 16: Income tax expense

(a) Income tax expense

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current tax		
Current tax on profits for the year	1,83,03,791	2,72,00,000
Total current tax expense	1,83,03,791	**2,72,00,000**
Deferred tax		
Decrease / (increase) in deferred tax assets	(39,62,746)	2,28,756
(Decrease) / increase in deferred tax liabilities	(51,784)	41,638
Total deferred tax expense/(benefit)	(40,14,531)	**2,70,394**
Income tax expense	1,42,89,260	**2,74,70,394**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit before income tax expenses	4,12,18,457	9,35,79,135
Indian tax rate*	25.17%	**27.82%**
Tax based on normal tax rate	1,03,73,861	2,60,33,715
Items not considered while determining taxable profits	18,10,346	14,36,679
Effect of deferred tax balances due to changes in income tax rate notified under Income Tax Act, 1961	21,05,052	–
Total tax expense	1,42,89,259	**2,74,70,394**

*The Company has exercised the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Deferred Tax Liabilities (net) as at 31st March 31, 2019 and the estimate of Tax Expense for the year ended 31st March, 2020 have been re-measured. Consequently, there is a reduction in deferred tax assets by ₹ 21,49,430 and deferred tax liabilities by ₹ 44,378.

Note 17: Earnings per equity share

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit after tax	2,69,29,197	6,61,08,741
Weighted average number of shares outstanding	4,50,008	4,50,008
Basic and diluted earnings per share	59.84	**146.91**

Note: There are no dilutive instruments.

Notes forming part of the financial statements (Contd.)

(All amounts in rupees unless otherwise stated)

Note 18: Financial Instruments and Fair Value Disclosures

Particulars	Notes	As at 31st March, 2020		As at 31st March, 2019	
		Carrying value	Fair value	Carrying value	Fair value
A. Financial assets					
a) Measured at amortised cost					
i) Trade receivables (net of provision for impairment)	6(b)	**16,06,79,003**	**16,06,79,003**	14,86,86,559	14,86,86,559
ii) Cash and cash equivalents	6(c)	**62,72,920**	**62,72,920**	1,31,23,551	1,31,23,551
iii) Other	6(d)	**1,54,19,149**	**1,54,19,149**	1,38,38,930	1,38,38,930
Sub-total		**18,23,71,072**	**18,23,71,072**	**17,56,49,040**	**17,56,49,040**
b) Measured at fair value through profit or loss					
i) Investments in mutual funds	6(a)	**5,69,89,556**	**5,69,89,556**	12,13,86,658	12,13,86,658
Sub-total		**5,69,89,556**	**5,69,89,556**	**12,13,86,658**	**12,13,86,658**
Total financial assets		**23,93,60,628**	**23,93,60,628**	**29,70,35,698**	**29,70,35,698**
B. Financial liabilities					
a) Measured at amortised cost					
i) Other financial liabilities-non current	9(a)	**7,92,220**	**7,92,220**	13,72,761	13,72,761
ii) Trade payables	9(b)	**2,90,01,478**	**2,90,01,478**	1,45,48,692	1,45,48,692
iii) Other financial liabilities - current	9(c)	**52,93,517**	**52,93,517**	61,71,048	61,71,048
Total financial liabilities		**3,50,87,215**	**3,50,87,215**	**2,20,92,501**	**2,20,92,501**

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 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.

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, 2020	As at 31st March, 2019
		Fair value	Fair value
A Financial Assets a) Measured at fair value through profit or loss i) Investment in mutual funds	1	5,69,89,556	12,13,86,658
Total financial assets		**5,69,89,556**	**12,13,86,658**

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, 2020				
		Contractual cash flows *			
	Carrying value	0 - 1 month	1 - 3 months	More than 3 months	Total
Trade payables	2,90,01,478	–	2,90,01,478	–	2,90,01,478
Other financial liabilities	52,93,517	–	52,77,026	16,491	52,93,517
Total	**3,42,94,995**	**–**	**3,42,78,504**	**16,491**	**3,42,94,995**
Particulars	**As at 31st March, 2019**				
		Contractual cash flows *			
	Carrying value	**0 - 1 month**	**1 - 3 months**	**More than 3 months**	**Total**
Trade payables	1,45,48,692	1,45,48,692	–	–	1,45,48,692
Other financial liabilities	61,71,048	61,71,048	–	–	61,71,048
Total	**2,07,19,740**	**2,07,19,740**	**–**	**–**	**2,07,19,740**

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

Non-Current

Particulars	As at 31st March, 2020				
	Contractual cash flows *				
	Carrying value	1 - 2 years	2 - 3 years	More than 3 years	Total
Other financial liabilities	7,92,220	89,765	1,95,312	5,07,143	7,92,220
Total	**7,92,220**	**89,765**	**1,95,312**	**5,07,143**	**7,92,220**
Particulars	**As at 31st March, 2019**				
	Contractual cash flows *				
	Carrying value	**1 - 2 years**	**2 - 3 years**	**More than 3 years**	**Total**
Other financial liabilities	13,72,761	2,74,552	3,43,190	7,55,019	13,72,761
Total	**13,72,761**	**2,74,552**	**3,43,190**	**7,55,019**	**13,72,761**

* 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, 2020	As At 31st March, 2019
Balance at the beginning of the year	**(6,50,06,530)**	(6,32,73,970)
Provided during the year	**(3,00,42,689)**	(1,68,82,366)
Adjusted during the year	**99,96,192**	1,51,49,806
Balance at the end of the year	**(8,50,53,027)**	(6,50,06,530)

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	Director
Jagdish Singh	Director
Samir Mecherivalappil Chandrasekharan #	Managing Director

iii) Other related parties with whom transactions have taken place during the year :

Associates	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 unless otherwise stated)

b) Summary of transactions / balances :

	Transactions / balances	Holding Company		Other Related Parties		Key Management Personnel	
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
1	Sale of services						
	Operating and marketing fees *	54,18,696	56,62,841	–	–	–	–
	Recoveries of salaries*	93,72,460	81,06,406	–	–	–	–
2	Purchase of services						
	- ITC Limited	16,07,951	13,94,760	–	–	–	–
	- International Travel House Limited	–	–	48,26,869	45,20,499	–	–
	- ITC Infotech India Limited	–	–	7,08,000	7,08,000	–	–
3	Rent*	26,91,420	17,86,291	–	–	–	–
4	Remuneration of managers / staff on deputation recovered *						
	- ITC Limited	17,06,263	9,97,460	–	–	–	–
5	Remuneration of managers on deputation reimbursed ((including remuneration of Managing Director) ₹ 1,85,05,061 (Previous year - ₹ 1,68,52,907) as disclosed below)	5,01,32,008	4,44,52,815	–	–	–	–
6	Dividend payments	8,07,76,436	56,25,100	–	–	–	–
7	Expense recovered during the year (amount due on account of payments made on behalf of related parties)						
	- ITC Limited	12,91,238	31,35,706	–	–	–	–
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	3,03,91,493	3,48,67,922	–	–	–	–
	- International Travel House Limited	–	–	1,37,127	2,37,458	–	–
9	Remuneration to Key Management Personnel @						
	- Samir Mecherivalappil Chandrasekharan	–	–	–	–	2,03,50,207	1,96,46,744
10	Closing Balances:						
	(i) Trade receivables						
	- ITC Limited	13,31,329	12,30,751	–	–	–	–
	(ii) Trade payables						
	- ITC Limited	1,60,95,519	43,45,105	–	–	–	–
	- International Travel House Limited	–	–	3,51,737	4,96,523	–	–
	(iii) Other financial liabilities - Current						
	- ITC Limited	2,79,127	6,99,991	–	–	–	–
	(iv) Other financial liabilities - Non current						
	- ITC Limited	7,92,220	13,72,761	–	–	–	–

* Includes Goods and Services Tax.

\# The remuneration is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company.

@ Excludes ESOS / ESOR (Refer Note 25)

Note : The remuneration paid to the Managing Director due to the inadequacy of profits, is subject to the approval of shareholders by special resolution in the ensuing Annual General Meeting of the Company.

Note 22 Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liability is as follows:

	As at 31st March, 2020	As at 31st March, 2019
Property, plant and equipment	–	4,68,176

Note 23 Lease arrangements

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office etc.). These leasing arrangements which have 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 24 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 it's revenue from operating fee from any single external operating hotel. All the non-current asset are located in India.

Note 25 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.

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

(ii) The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
	No. of Options	No. of Options
Outstanding at the beginning of the year	51,423	64,329
Add: Granted during the year *	–	–
Add / (Less) : Options due to transfer in and transfer out	28,174	–
Less: Lapsed during the year	–	–
Less: Exercised during the year	7,181	12,906
Outstanding at the end of the year	72,416	51,423
Options exercisable at the end of the year	67,789	40,583
Options Vested and Exercisable during the year	7,588	11,983

* Includes Nil (Previous year Nil) 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 ₹ 17,15,574 (Previous Year ₹ 42,81,759) towards ITC ESOS and ₹ (5,64,050) (Previous year - ₹ 13,72,761) 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 (Samir Mecherivalappil Chandrasekharan) for ITC ESOS ₹ Nil (Previous Year ₹ Nil) and ₹ (3,90,535) (Previous year ₹ 8,26,609) for ITC ESAR respectively.

Note 26 Other Disclosure

(i) Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, and Companies (Indian Accounting Standards) Second Amendment Rules, 2019; both on 30th March, 2019 notifying:

(a) new Standard Ind AS 116 "Leases' effective 1st April, 2019 and

(b) certain amendments relating to income tax consequences of dividend and uncertainty over income tax treatments in Ind AS 12 "Income Taxes".

The Company has evaluated the impact of the aforesaid changes in respect of its leasing arrangements wherein the Company is a lessee and the uncertain tax positions. There has been no material impact on the financial statements resulting from the implementation of these changes.

(ii) 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, 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.

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.

(iii) The company has changed the presentation of recoveries of salary cost of deputed personnel from alliances by grossing up the revenue from operations instead of presenting as reduction from employee expenses. This change in presentation has resulted in increase in revenue from operations and employee benefits expense as at March 31, 2019 by ₹ 12,24,55,174 with no change to profit for the year and concomitant presentation of ₹ 3,87,18,733 from Other Financial Assets to Trade Receivables.

Note 27 The Financial statements were authorised for issue by the directors on 05th June, 2020.

For **SRBC & CO LLP**
Firm Registration No. : 324982/E300003
Sanjay Vij
Partner
Membership Number : 095169
Place : Gurugram
Date : 05th June, 2020

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 05th June, 2020

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 05th June, 2020

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

1. Your Directors submit their Report for the financial year ended 31st March, 2020.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company earned licence fees of ₹100.34 lakhs (previous year: ₹102.37 lakhs) reflecting a de-growth of 2%. This was mainly due to lower Hotel revenue on account of lower sales than previous year. The Other Income for the year aggregated ₹69.13 lakhs (previous year: ₹58.45 lakhs) and the profit for the year was ₹123.16 lakhs (previous year: ₹109.88 lakhs).

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

	For the year ended 31st March, 2020 (₹ in lakhs)	For the year ended 31st March, 2019 (₹ in lakhs)
Profits		
a. Profit Before Tax	**161.31**	152.23
b. Less: Tax Expense		
- Current Tax	**38.81**	45.03
- Deferred Tax	**(0.65)**	(2.68)
c. Profit for the year and Total Comprehensive Income	**123.16**	109.88
Statement of Retained Earnings		
a. At the beginning of the year	**1,578.42**	1,478.56
b. Add: Profit for the year	**123.16**	109.88
c. Less:		
- Dividend Paid	**8.31**	8.31
- Income Tax on Dividend Paid	**1.71**	1.71
d. At the end of the year	**1,691.56**	1,578.42

3. **DIVIDEND**

The Board of Directors of the Company have recommended for the approval of the Members, dividend of ₹ 70/-(PY: ₹ 70/-) per Equity Share of ₹ 100/- each for the year ended 31st March, 2020. Total cash outflow in this regard will be ₹ 8,31,250/- and DDT on dividend will be NIL (PY: ₹ 1,70,866/-). .

4. **OPERATIONAL PERFORMANCE**

Your Company has an Operating License Agreement with its Holding Company, ITC Limited, which in turn has an Operating and Marketing Services Agreement with Fortune Park Hotels Limited, its wholly owned subsidiary and fellow subsidiary of your Company. Fortune Park Hotels Limited manages and operates three and four star categories of Hotels in India and has a wide marketing and reservation network for operations of Hotels.

Fortune Resort Bay Islands, your Company's Hotel in Port Blair, with its strategic location, excellent architectural design and superior quality, continues to offer a unique gateway to the Andamans.

A comprehensive renovation and expansion programme towards enhancing the market standing of the Hotel is currently underway with the first phase (24 rooms) being commissioned in the previous year. The second phase of renovation (22 rooms) was commissioned during the current year. The third phase (Central Facility such as public area, banquet hall, bar, reception, lobby and BOTH etc.) is expected to be commissioned in the next financial year.

Due to the outbreak of COVID-19 and the resultant impact on the hospitality industry, the Company's hotel is currently shut. The Company has taken appropriate measures to ensure safety of all its stakeholders and is gearing up to re-open with strong focus on safety, health and hygiene protocols.

5. **DIRECTORS**

(a) Changes in Directors

During the year under review, there was no change in the composition of the Board of Directors of the 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 143 and144 of the Articles of Association of the Company, Mr. Nakul Anand (DIN: 00022279), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company and being eligible, offers himself for re-appointment. Your Board has recommended his re-appointment.

6. **BOARD MEETINGS**

Four meetings of the Board were held during the year ended 31st March, 2020.

7. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

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

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

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

8. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

9. **PARTICULAR OF EMPLOYEES**

The details of employees of the Company as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure1** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has an Internal Complaints Committee as per the provisions of 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. 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, 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.

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 ensure that such systems are reinforced on an ongoing basis.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2020, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

13. RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with its related parties during the financial year were in accordance with the provisions of the Act. All such contracts or arrangements were entered in the ordinary course of business and on arm's length basis.

The details of material related party transaction of the Company in the prescribed Form No. AOC-2 is enclosed as **Annexure 2** to this Report.

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

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

15. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 3** to this Report.

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 were appointed at the 41st AGM to hold such office for a period of five years till the conclusion of the 46th AGM. Your Board has recommended for the approval of the Members, the remuneration of Messrs. S B Dandeker & Co. for the financial year 2020-21. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the ensuing AGM of your 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

Conservation of Energy & Technology Absorption

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

Foreign Exchange Earnings and Outgo

The foreign exchange earnings of the Hotel during the year aggregated ₹68.93 lakhs (previous year: ₹39.92 lakhs), while there was no foreign exchange outgo during the year (Previous year-Nil).

On behalf of the Board of
Bay Islands Hotels Limited

	J. Singh	Samir MC
Dated : June 5, 2020	**Director**	**Director**
Place : Gurugram	**DIN: 00042258**	**DIN: 08064002**

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2020

[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	29	Jr. Sous Chef	5,71,644/-	5,32,448/-	Bachelor of Hotel Management	4	01.02.2016	FPHL, Jr. Sous Chef
Gurusamy Subramanian	30	Asst. Manager	4,40,419/-	4,15,595/-	B.S.C Hotel Management	11	05.05.2017	Taj Fishermens Cove-Chennai, Assistant Manager – House Keeping
Rajeesh R	50	LPO	4,28,887/-	4,04,120/-	Gravitation From Army Service, Diploma in Safe Officer	17	25.09.2015	Sarovar portico
Georgina Baa	42	Asst. Manager	4,24,432/-	4,01,815/-	B.A. –Tourism	21	28.11.1998	Nil
Agnatus Kindo	54	Jr. Executive	3,93,440/-	3,70,298/-	Intermediate	34	01.07.1986	Nil
Johnson David	56	Jr. Executive	3,89,601/-	3,66,393/-	Intermediate	35	01.03.1986	Nil
Manu Mon	30	Executive	3,82,679/-	3,59,796/-	Diploma in Hotel Management	10	06.12.2017	Key Hotel, Restaurant Supervisor
Karan Singh	27	Executive	3,70,243/-	3,50,897/-	Diploma in Electronic & Communication	4	04.09.2018	ITC HQ GURGAON
Abdul Rehman	54	Sr. Supervisor	3,49,597/-	3,26,707/-	Under Matric	35	16.09.1985	Nil
Nimbulal	55	Sr. Supervisor	3,44,560/-	3,21,670/-	Intermediate	30	01.01.1989	Nil

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 of
Bay Islands Hotels Limited

Dated : June 5, 2020	**J. Singh**	**Samir MC**
Place : Gurugram	**Director**	**Director**
	DIN: 00042258	**DIN: 08064002**

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2020

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 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 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 'Fortune Resort Bay Islands'. Value of the transaction during the year - ₹ 1,18,40,492/- (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 of Bay Islands Hotels Limited

Dated : June 5, 2020
Place : Gurugram

J. Singh
Director
DIN: 00042258

Samir MC
Director
DIN: 08064002

Annexure 3 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	:	U74899HR1976PLC052282
Registration Date	:	24th March, 1976
Name of the Company	:	Bay Islands Hotels Limited
Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
Address of the Registered office and contact details	:	ITC Green Centre 10, Institutional Area, Sector 32, Gurugram 122001 Phone : 0124-4171717 Fax : 0124-4051734 e-mail ID : bihl@itchotels.in
Whether listed company (Yes / No)	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Hotel services	55101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)

IV. **SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

(i) **Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1)Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	11,875	11,875	100.00	–	11,875	11,875	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**–**	**11,875**	**11,875**	**100.00**	**–**	**11,875**	**11,875**	**100.00**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**11,875**	**11,875**	**100.00**	**–**	**11,875**	**11,875**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	N.A.
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Grand Total (A+B+C)	**–**	**11,875**	**11,875**	**100.00**	**–**	**11,875**	**11,875**	**100.00**	**Nil**

(ii) **Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encum-bered to total Shares	
1.	ITC Limited	11,875	100.00	Nil	11,875	100.00	Nil	Nil

(iii) **Change in Promoters' Shareholding (please specify, if there is no change):**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** NOT APPLICABLE

(v) **Shareholding of Directors and Key Managerial Personnel:** None of the Directors holds any share in the Company in their individual capacity.

V. **INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment: NIL

VI. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. **Remuneration to Managing Director, Whole-time Directors and/or Manager**: NOT APPLICABLE

B. **Remuneration to other Directors:**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		N. Anand	Samir MC	G. H. C. Jadwet	J. Singh	
1.	**Other Non-Executive Directors**					
	• Fee for attending Board and Board Committee meetings	–	–	–	–	
	• Commission	–	–	–	–	
	• Others, please specify	–	–	–	–	
	Total (B)	–	–	–	–	
	Total Managerial Remuneration					**N.A.**
Overall ceiling as per the Companies Act, 2013 (11% of the net profits of the Company computed in accordance with Section 198 of the said Act)						**15,83,696**

C. **Remuneration to Key Managerial Personnel other than MD / Manager / WTD**: NOT APPLICABLE

VII. **PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013:** NONE

On behalf of the Board of Bay Islands Hotels Limited

Dated : June 5, 2020
Place : Gurugram

J. Singh
Director
DIN: 00042258

Samir MC
Director
DIN: 08064002

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, 2020, 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, 2020, 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 there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.

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 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, 2016 ("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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 nothave 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

Place: Port Blair,
Date: 08/06/2020

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 fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) 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, the discrepancies noticed on physical verification of fixed assets as compared to book records were not material and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) The company did not hold any inventory during the year. There clause (ii) of para 3 of the order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.Therefore clause (iii) of para 3 of the order is not applicable.

(iv) The Company has not granted any loans, made investments or provided guarantees under Section 185 and 186 of the Companies Act, 2013 and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(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 Provident fund, Employees' state insurance, Income tax, Goods & Services Tax, Cess and other material statutory dues applicable with 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, Goods & Services Tax, Cess and other material statutory dues in arrears as at 31st March, 2020 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 2020 which have not been deposited on account of dispute.

(viii) The Company has neither taken any loans or borrowings from financial institutions, banks and government nor has it issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) 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 (ix) of the CARO 2016 Order is not applicable.

(x) 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.

(xi) The Company has not paid any managerial remuneration so clause (xi) of para 3 of the order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 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) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(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-I of the Reserve Bank of India Act, 1934.

For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

KedarashishBapat
Partner
M.No.- 057903

Place: Port Blair
Date: 08/06/2020

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, 2020 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". 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, 2020, 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

Place: Port Blair
Date: 08/06/2020

BALANCE SHEET AS AT 31ST MARCH, 2020

	Note		As at 31st March, 2020 (₹)		As at 31st March, 2019 (₹)
ASSETS					
Non-current Assets					
(a) Property, Plant and Equipment	3	6,59,61,462		6,62,71,530	
(b) Other non-current assets	4	12,32,276	6,71,93,738	10,07,294	6,72,78,824
Current Assets					
Financial Assets					
(i) Investments	5	2,98,00,458		2,49,90,604	
(ii) Trade receivables	6	59,67,866		56,62,932	
(iii) Cash and cash equivalents	7	38,41,999		22,93,943	
(iv) Other Bank Balances	8	7,88,39,050		7,40,34,113	
(v) Others	9	12,90,593	11,97,39,966	13,24,030	10,83,05,622
TOTAL ASSETS			18,69,33,704		17,55,84,446
EQUITY AND LIABILITIES					
Equity					
(a) Share Capital	10	11,87,500		11,87,500	
(b) Other Equity		18,09,88,451	18,21,75,951	16,96,74,790	17,08,62,290
Liabilities					
Non-current Liabilities					
(a) Provisions	11	8,59,845		4,92,046	
(b) Deferred tax liabilities (Net)	12	24,94,633	33,54,478	25,60,089	30,52,135
Current Liabilities					
(a) Financial Liabilities					
(i) Trade payables		54,281		59,681	
(ii) Other financial liabilities	13	5,77,386	6,31,667	7,01,671	7,61,352
(b) Other current liabilities	14		5,63,700		5,19,446
(c) Provisions	11		2,07,906		3,89,223
TOTAL EQUITY AND LIABILITIES			18,69,33,704		17,55,84,446

The accompanying notes 1 to 22 are an integral part of the Financial Statements.

In terms of our report attached
For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

Kedarashish Bapat
Partner
M.No.- 057903

Place: Port Blair
Date: 08/06/2020

On Behalf of the Board

Jagdish Singh
Director

Samir MC
Director

Place: Gurugram
Date: 05/06/2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

		Note	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
I	Revenue From Operations	15	1,00,34,315	1,02,37,473
II	Other Income	16	69,12,617	58,45,360
III	**Total Income (I+II)**		1,69,46,932	1,60,82,833
IV	**EXPENSES**			
	Employee benefits expense	17	3,41,292	3,24,767
	Depreciation and amortization expense	3	3,10,068	3,10,068
	Other expenses	18	1,63,793	2,24,708
	Total expenses (IV)		8,15,153	8,59,543
V	**Profit before tax (III - IV)**		1,61,31,779	1,52,23,290
VI	Tax expense			
	Current Tax	19	38,81,458	45,03,600
	Deferred Tax	19	(65,456)	(2,68,484)
VII	**Profit for the year (V - VI)**		1,23,15,777	1,09,88,174
VIII	Other Comprehensive Income		–	–
IX	**Total Comprehensive Income for the year (VII+VIII)**		1,23,15,777	1,09,88,174
X	Earnings per equity share (Face value of ₹ 100 each):			
	(1) Basic (in ₹)	20	1,037	925
	(2) Diluted (in ₹)	20	1,037	925

The accompanying notes 1 to 22 are an integral part of the Financial Statements.

In terms of our report attached
For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

Kedarashish Bapat
Partner
M.No.- 057903

Place: Port Blair
Date: 08/06/2020

On Behalf of the Board

Jagdish Singh
Director

Samir MC
Director

Place: Gurugram
Date: 05/06/2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

		For the year ended 31st March, 2020		For the year ended 31st March, 2019
	(₹)	(₹)	(₹)	(₹)
A. Cash Flow from Operating Activities				
Profit Before Tax		1,61,31,779		1,52,23,290
Adjustments for :				
Depreciation expense	3,10,068		3,10,068	
Net (gain)/loss arising on investments mandatorily measured at Fair value through profit and loss	(17,34,547)		(11,71,129)	
Interest Income	(51,78,070)		(46,74,231)	
		(66,02,549)		(55,35,292)
Operating Profit Before Working Capital Changes		95,29,230		96,87,998
Adjustments for :				
Trade receivables, loans, advances and other assets	(6,41,155)		7,11,962	
Trade payables, other liabilities and provisions	1,01,051		4,28,842	
		(5,40,104)		11,40,804
Cash Generated used in / from Operations		89,89,126		1,08,28,802
Income Tax Paid		(38,81,458)		(45,03,600)
Net cash from Operating Activities		51,07,669		63,25,202
B. Cash Flow from Investing Activities :				
Sale of current investments	1,37,24,694		1,49,61,732	
Purchase of current investments	(1,68,00,000)		(2,49,61,732)	
Interest Received	53,22,745		42,26,548	
Net Cash used in / from Investing Activities		22,47,439		(57,73,452)
C. Cash Flow from Financial Activities :				
Dividend Paid	(8,31,250)		(8,31,250)	
Income Tax on Dividend Paid	(1,70,866)		(1,70,866)	
Net Cash Flow used in Financing Activities		(10,02,116)		(10,02,116)
Net Decrease in Cash and Cash Equivalents		63,52,992		(4,50,366)
Opening Cash and Cash Equivalents		7,63,28,057		7,67,78,422
Closing Cash and Cash Equivalents		8,26,81,049		7,63,28,056

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 and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

Kedarashish Bapat
Partner
M.No.- 057903

Place: Port Blair
Date: 08/06/2020

On Behalf of the Board

Jagdish Singh
Director

Samir MC
Director

Place: Gurugram
Date: 05/06/2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity Share Capital (₹)

	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, 2019	11,87,500	–	**11,87,500**
For the year ended 31st March, 2020	11,87,500	–	**11,87,500**

B. Other Equity (₹)

	Reserves and Surplus			Total
	Retained Earnings	Subsidy Reserve	General Reserve	
Balance as at 31st March, 2018	**14,78,56,439**	43,38,099	74,94,194	**15,96,88,732**
Profit for the year	1,23,15,777	–	–	**1,09,88,174**
Total Comprehensive Income	15,88,44,613	43,38,099	74,94,194	**17,06,76,906**
Dividend paid Income tax on Dividend paid	8,31,250 1,70,866	– –	– –	**8,31,250** **1,70,866**
Balance as at 31st March, 2019	**15,78,42,497**	**43,38,099**	**74,94,194**	**16,96,74,790**
Balance as at 31st March, 2019	**15,78,42,497**	**43,38,099**	**74,94,194**	**16,96,74,790**
Profit for the year	1,23,15,777	–	–	1,23,15,777
Total Comprehensive Income	**17,01,58,274**	**43,38,099**	**74,94,194**	**18,19,90,567**
Dividend paid Income tax on Dividend paid	8,31,250 1,70,866	– –	– –	8,31,250 1,70,866
Balance as at 31st March, 2020	**16,91,56,158**	**43,38,099**	**74,94,194**	**18,09,88,451**

The Board of Directors recommended a dividend of ₹ 70 per share for the year ended 31st March, 2020 - ₹ 70 per share be paid on fully paid equity shares. 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 ₹ 8,31,250 (for the year ended 31st March, 2019 - ₹ 8,31,250). Income tax on proposed dividend being Nil (for the year ended 31st March, 2019 - ₹ 1,70,866)

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.

The accompanying notes 1 to 22 are an integral part of the Financial Statements.

In terms of our report attached
For and on behalf of
S.B.DANDEKER & CO.
Chartered Accountants
Firm Regn No.301009E

Kedarashish Bapat
Partner
M.No.- 057903

Place: Port Blair
Date: 08/06/2020

On Behalf of the Board

Jagdish Singh Director
Samir MC Director

Place: Gurugram
Date: 05/06/2020

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. The financial statements are presented in Rupees.

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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.

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

(b) Fair value through other comprehensive income (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 amortized 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) **Compensated Absences:** Short term compensated absences and 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 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

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards incidental to 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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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.

(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

To recognized Dividends paid (including income tax thereon) in the financial statements in the period in which the related dividends are actually paid or, in respect of the Company's final dividend for the year, when the same are 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 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.

3. Property, Plant and Equipment

(₹)

	Gross Block						Depreciation and Amortization							Net Book Value	
Particulars	As at 1st April, 2018	Additions	Withdrawals and Adjustments	As at 31 March, 2019	Additions	Withdrawals and Adjustments	As at 31 March, 2020	Upto 1st April, 2018	For the year	Withdrawals and Adjustments	As at 31st March, 2019	For the year	Withdrawals and Adjustments	As at 31st March, 2020	As at 31st March, 2020	As at 31st March, 2019
Freehold Land	5,70,00,000	–	–	5,70,00,000	–	–	5,70,00,000	–	–	–	–	–	–	–	5,70,00,000	5,70,00,000
Buildings	1,05,26,325	–	–	1,05,26,325	–	–	1,05,26,325	9,44,727	3,10,068	–	12,54,795	3,10,068	–	15,64,863	89,61,462	92,71,530
TOTAL	6,75,26,325	–	–	6,75,26,325	–	–	6,75,26,325	9,44,727	3,10,068	–	12,54,795	3,10,068	–	15,64,863	6,59,61,462	6,62,71,530

Note

1. All the Assets mentioned above have been given under an Operating Lease to the Holding Company.

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
4. Other Non-Current Assets		
Advance Tax (net of provisions)	12,32,276	10,07,294
TOTAL	12,32,276	10,07,294

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
5. Current Investments	Unquoted	Unquoted
(at fair value through profit or loss)		
Investment in Mutual Funds		
ICICI Prudential Liquid Fund Nil (P.Y. 36222.815) units of Rs. 100 each	–	1,00,12,580
Aditya Birla Sun Life Liquid Fund 49,854.260 (P.Y. 49,854.260) units of Rs. 100 each	1,59,31,393	1,49,78,024
Nippon India Liquid Fund 2,859.195(P.Y. Nil) units of Rs. 1000 each	1,38,69,064	–
Aggregate amount of unquoted Investments	2,98,00,458	2,49,90,604

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
6. Trade Receivables		
Unsecured, considered good	59,67,866	56,62,932
Less: Allowance for doubtful receivables	–	–
TOTAL	59,67,866	56,62,932

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.

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
7. Cash and Cash Equivalents @		
Balances with Banks		
Current accounts	38,41,999	22,93,943
TOTAL	38,41,999	22,93,943

@ 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, 2020 (₹)	As at 31st March, 2019 (₹)
8. Other Bank Balances		
In deposit accounts *	7,88,39,050	7,40,34,113
TOTAL	7,88,39,050	7,40,34,113

* 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, 2020 (₹)	As at 31st March, 2019 (₹)
9. Other Financial Assets		
Unsecured		
a) Interest accrued on Deposits with Bank	9,16,376	10,61,050
b) Others*	3,74,217	2,62,980
TOTAL	12,90,593	13,24,030

* Others comprise of amount recoverable from the Holding Company

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2020 No. of Shares	As at 31st March, 2020 (₹)	As at 31st March, 2019 No. of Shares	As at 31st March, 2019 (₹)
10. Share capital				
Authorised				
Equity Share of ₹ 100 each	90,000	90,00,000	90,000	90,00,000
13.5% Redeemable Cumulative Preference Shares of ₹ 100 each	30,000	30,00,000	30,000	30,00,000
Issued and Subscribed				
Equity Shares of ₹ 100 each, fully paid	11,875	11,87,500	11,875	11,87,500
	11,875	11,87,500	11,875	11,87,500
A) Reconciliation of number of Equity Shares Shares Outstanding				
As at beginning of the year	11,875	11,87,500	11,875	11,87,500
Add: Issued During the Period	–	–	–	–
As at end of the year	11,875	11,87,500	11,875	11,87,500

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

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 %	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2020 %
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, 2020 (No. of Shares)	As at 31st March, 2020 (₹)	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2020 (₹)
ITC Limited, the Holding Company	11,869	11,86,900	11,869	11,86,900
ITC Limited, the Holding Company, jointly with its nominees	6	600	6	600

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.

	As at 31st March, 2020 (₹) Current	As at 31st March, 2020 (₹) Non- Current	As at 31st March, 2019 (₹) Current	As at 31st March, 2019 (₹) Non- Current
11. Provisions				
Provision for employee benefits				
- Provision for unavailed leave	2,07,906	8,59,845	3,89,223	4,92,046
TOTAL	2,07,906	8,59,845	3,89,223	4,92,046

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
12. Deferred tax liabilities (Net)		
Deferred tax liabilities	(24,94,633)	(25,60,089)
Less: Deferred tax assets	–	–
TOTAL	(24,94,633)	(25,60,089)

Movement in deferred tax (liabilities) / assets balances (₹)

As at 31st March, 2020	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	(25,52,057)	3,18,850				(22,33,207)
Other timing differences	(8,032)	(2,53,394)				(2,61,426)
Total deferred tax liabilities	(25,60,089)	65,456	–	–	–	(24,94,633)
Total deferred tax assets			–	–	–	
Deferred tax liabilities (Net)	(25,60,089)	65,456	–	–	–	(24,94,633)

As at 31st March, 2019	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	(26,35,286)	83,229				(26,35,286)
Other timing differences	(1,93,287)	1,85,255				(8,032)
Total deferred tax liabilities	(28,28,573)	2,68,484	–	–	–	(25,60,089)
Total deferred tax assets	–	–	–	–	–	–
Deferred tax liabilities (Net)	(28,28,573)	2,68,484	–	–	–	(25,60,089)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
13. Other Financial liabilities		
Other Payables	5,77,386	7,01,671
TOTAL	5,77,386	7,01,671

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
14. Other Current liabilities		
Statutory liabilities		
- Taxes payable (other than Income tax)	5,63,700	5,19,446
TOTAL	5,63,700	5,19,446

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
15. Revenue from operations		
Operating Licence Fee	1,00,34,315	1,02,37,473
TOTAL	1,00,34,315	1,02,37,473

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
16. Other income		
Interest income	51,78,070	46,74,231
Other gains and losses	17,34,547	11,71,129
TOTAL	69,12,617	58,45,360
Interest income comprises interest from:		
Deposits with Banks - carried at amortized cost	51,78,070	46,74,231
TOTAL	51,78,070	46,74,231
Other gains and losses		
Net Gain / (Loss) arising on financial assets designated at FVTPL*	17,34,547	11,71,129
TOTAL	17,34,547	11,71,129

* Includes ₹ 7,24,694/- (P.Y. ₹ 11,42,256/-) being net gain on sale on investment

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
17. Employee Benefit Expenses		
Salaries and Wages	1,57,09,132	1,43,27,515
Contribution to Provident and other funds	17,06,826	17,54,644
Staff welfare expenses	48,117	13,313
	1,74,64,075	1,60,95,472
Less: Recoveries made / reimbursements received	(1,71,22,783)	(1,57,70,705)
TOTAL	3,41,292	3,24,767

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
18. Other Expenses		
Travelling and conveyance	59,950	62,000
Miscellaneous expenses	1,03,843	1,62,708
TOTAL	1,63,793	2,24,708
Miscellaneous expenses include :		
Auditors' remuneration and expenses*		
Audit fees	15,000	15,000
Tax audit fees	7,000	7,000
Others	8,000	9,000
TOTAL	30,000	31,000

*Excluding taxes

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2020 (₹)
19. Income Tax Expenses		
A. Amount Recognized in profit and loss		
Current tax		
Income tax for the year		
Current tax	38,81,458	45,03,600
Total Current Tax	38,81,458	45,03,600
Deferred tax		
Deferred tax for the year	(65,456)	(2,68,484)
Total Deferred Tax	(65,456)	(2,68,484)
TOTAL	38,16,002	42,35,116
B. Reconciliation of effective tax rate		
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	1,61,31,779	1,52,23,290
Income Tax expense calculated at 25.168% (2019- 27.82%)*	40,60,047	42,35,116
Effect on deferred tax balances due to the change in Income Tax Rate	(2,44,045)	–
Other differences	–	–
Income Tax recognised in Statement of profit or loss	38,16,002	42,35,116

*The Government of India, vide Taxation Laws (Amendment) Ordinance,2019 dated September 20th,2019, introduced Section 115BAA in the Income Tax Act,1961, providing domestic companies an irrevocable option to adopt reduced corporate tax rate, subject to certain conditions, which the Company has considered the Option to avail the same. The Company accordingly remeasured the Deferred Tax Liabilities (net) as at 31st March, 2019. The effect of the same has been considered in the tax expense for the year

20. Earnings per Share

		For Year ended March 31, 2020	For Year ended March 31, 2019
Earnings per share has been computed as under:			
(a)	Profit for the year	₹ 1,23,15,778	₹ 109,88,174
(b)	Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	11,875	11,875
(c)	Weighted average number of Ordinary shares in computing diluted earnings per share	11,875	11,875
(d)	Earnings per share on profit for the year (Face Value ₹ 100 per share)		
	- Basic [(a)/(b)]	1,037	925
	- Diluted [(a)/(b)]	1,037	925

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 "Fortune Resort 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
Jagdish Singh
Samir MC

Summary of Transactions during the period

(a) Transactions with Holding Company

S. No.	Particulars	2019-20 (₹)	2018-19 (₹)
1.	Operating Licence Fee (Rent Received)*	1,18,40,492	120,80,219
2.	Expenses Reimbursed	10,40,123	16,26,583
3.	Expenses Recovered **	1,71,22,783	1,57,70,705
4.	Dividend Payment	8,31,250	8,31,250
5.	Balance as at period end		
	a. Trade Receivables	59,67,866	56,62,932
	b. Other Recoverables	3,74,217	2,62,980

*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 period and also as on 31.03.2020. 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 5,85,630/- (P.Y. Rs. 5,85,630/-), which is currently under Appeal with the Commissioner of Income-tax Appeals.

(vi) Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2020 and recognised in the financial statements in respect of Employee Benefit Scheme.

(vii) Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, and Companies (Indian Accounting Standards) Second Amendment Rules, 2019; both on 30th March, 2019 notifying:

a. New Standard Ind AS 116 "Leases' effective 1st April, 2019 and

b. Certain amendments relating to income tax consequences of dividend and uncertainty over income tax treatments in Ind AS 12 "Income Taxes".

There has been no material impact on the financial statements resulting from the implementation of these changes.

(viii) Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – "Leases" effective 1st April 2019, the company has adopted Ind AS 116 using modified retrospective method, wherein the Company has elected to apply the standard to contracts that were previously identified as leases applying Ind AS 17, "Leases". Accordingly, the comparatives for the previous financial year have not been retrospectively adjusted. The Company has evaluated and there is no material impact on the financial statements resulting from the implementation of this standard.

Company as a Lessor

a) The Company's leasing arrangements that existed during the year 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:

Asset Class	As on 31st March, 2020	
	Gross Block	Net Block
Land	5,70,00,000	5,70,00,000
Building	1,05,26,325	89,61,462

(ix) The financial statements were approved for issue by the Board of Directors on 5th June, 2020.

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 2020		As at 31st March 2019	
			Carrying Value (₹)	Fair Value (₹)	Carrying Value (₹)	Fair Value (₹)
A.	**Financial Assets**					
a)	**Measured at amortised cost**					
	i) Trade Receivables	6	**59,67,866**	**59,67,866**	56,62,932	56,62,932
	ii) Cash and cash Equivalents	7	**38,41,999**	**38,41,999**	22,93,943	22,93,943
	iii) Other Bank Balances	8	**7,88,39,050**	**7,88,39,050**	7,40,34,113	7,40,34,113
	Sub Total		**8,86,48,915**	**8,86,48,915**	8,19,90,988	8,19,90,988
b)	**Measured at Fair Value through Profit & Loss**					
	i) Investment in Mutual Fund	5	**2,98,00,458**	**2,98,00,458**	2,49,90,604	2,49,90,604
	Total Financial Assets		**11,84,49,373**	**11,84,49,373**	10,69,81,592	10,69,81,592
B.	**Financial Liabilities**					
a)	**Measured at amortised cost**					
	i) Trade Payables		**54,281**	**54,281**	59,681	59,681
	ii) Others	13	**5,77,386**	**5,77,386**	7,01,671	7,01,671
	Total Financial Liability		**6,31,667**	**6,31,667**	7,61,352	7,61,352

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 does not expose significant risk to the Company except interest rate and price risk.

The Company invests its surplus funds in debt mutual funds and fixed deposits measured either fair value through profit/loss or at amortized cost. Aggregate value of such investments as at 31st March, 2020 is ₹ 10,86,39,508/- (2019 - ₹ 9,90,24,717/-).

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.

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 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.

The fair value of trade receivables and payables is considered to be equal to the carrying amounts of these items due to their short – term nature. Further, debt mutual funds have been considered at Level 1 and there is no change in classification of instruments between periods covered in the financial statements.

On behalf of the board

Place: Gurugram
Date: 05/06/2020

Jagdish Singh — **Director**
Samir MC — **Director**

ANNUAL REPORT OF WELCOMHOTELS LANKA (PRIVATE) LIMITED FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

The Board of Directors of WelcomHotels Lanka (Private) Limited hereby submit their eighth Annual Report for the financial year ended 31st March, 2020.

Business Environment

The overall business environment in the country, which was already under severe pressure in the aftermath of the Easter Sunday terror attacks, suffered an unprecedented setback due to the COVID-19 pandemic and the consequent disruptions across the nation. The Travel & Hospitality industry, which was showing signs of an incipient recovery, was severely impacted with tourist arrivals declining by over 30% during the fourth quarter of the year compared to the same period in the previous year.

While the Government has implemented several measures to alleviate the challenges posed by the pandemic, the economic outlook for the medium-term remains weak; the economy is expected to contract sharply in 2020-21 due to drop in export earnings, private consumption and investment. The Travel & Hospitality sector is expected to remain subdued with severe cut backs in leisure and business travel, and heightened sensitivity around hygiene and social distancing. The revival of the sector is dependent not only on the resumption of business and leisure travel but also on consumers gaining assurance on the hygiene and safety standards at hotel properties. The economy also remains vulnerable to currency volatility while rising foreign debt servicing requirements present a significant fiscal challenge in the near term.

Nature of Business

The Company is presently 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 premium residential condominium christened 'Sapphire Residences'.

Execution of the Project, which had been temporarily impacted due to the terror attacks in April, 2019, picked up pace during the year. Construction of the residential tower was completed in July 2019 and the iconic skybridge, connecting the hotel and residential towers at a height of approximately 100 meters, was erected in December 2019. The hotel tower has also been progressed substantially. However, the pace of work slowed down towards the end of the year due to disruptions caused by the pandemic. Marketing and sale of the Company's branded apartments has also been adversely impacted due to the ongoing disruptions. However, the Company remains committed towards execution of the Project in the most optimal manner and appropriate measures have been implemented to ensure a safe ecosystem.

Financial Statements

The Financial Statements, including the Auditor's Report thereon, for the year ended 31st March 2020, are attached to this Report.

Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are provided in the attached 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, 2020.

Remuneration of Directors

The Non-Executive Directors were not entitled to any remuneration or other benefit from the Company during the year ended 31st March 2020.

Mr. A. Pathak, Managing Director, whose services have been seconded to the Company by ITC Limited, the Holding Company (ITC), with effect from 1st February, 2016 is entitled to remuneration as approved by the shareholder on the recommendation of the Board of Directors.

Donations

The Company has not made any donation during the year ended 31st March, 2020.

Directors of the Company

Mr. Vidyaprakash P Menon, Vice President – Projects, Hotels Division, ITC and Mr. Shatanshu Panda, Deputy General Counsel, ITC were appointed as Non-Executive Directors of the Company with effect from 22nd August, 2019.

Ms. Devkanya Roy Choudhury, Non-Executive Director, resigned as Director of the Company with effect from 16th July, 2019 consequent to her resignation from ITC.

Mr. Alwyn R Noronha, Non-Executive Director, resigned as Director of the Company with effect from 20th August, 2019 consequent to his retirement from ITC.

The Directors would like to record their appreciation for the contributions made by Ms. Choudhury and Mr. Noronha during their tenure as Non-Executive Directors of the Company.

The Directors of the Company, as at 31st March, 2020, are as follows:

Mr. Nakul Anand	Chairman & Non-Executive Director
Mr. Rajendra K Singhi	Non-Executive Director
Mr. Shatanshu Panda	Non-Executive Director
Mr. Supratim Dutta	Non-Executive Director
Mr. Vidyaprakash P Menon	Non-Executive Director
Mr. Arun Pathak	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 2019-20 is set out in Note 4 to the attached Financial Statements.

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.

The Auditors do not have any other relationship (other than as Statutory Auditors) with the Company.

Arun Pathak Managing Director	Nakul Anand Chairman

Corporate Services (Private) Limited
Secretaries
On this 8th day of June, 2020

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 31st March 2020, and the statement of comprehensive income, the 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2020, and of its financial performance and its cash flows for the year then 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 are the financial and non-financial information other than financial statements and the auditor's report thereon, included in an entity's annual report. 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
Date 08th June, 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2020

	Note	2019/20 LKR	2019/20 INR	2018/19 LKR	2018/19 INR
Revenue		–	–	–	–
Cost of sales		–	–	–	–
Gross profit		–	–	–	–
Other income	3	–	–	2,42,78,840	98,61,093
Administrative expenses	4	(1,06,16,508)	(42,10,029)	(93,09,310)	(37,81,068)
Marketing expenses		(2,42,80,615)	(96,28,599)	–	–
Finance expense	5	(49,11,204)	(19,47,563)	–	–
Pre operating profit/ (loss) before tax	6	(3,98,08,327)	(1,57,86,191)	1,49,69,530	60,80,025
Taxation	7	–	–	–	–
Pre operating profit / (loss) for the year		(3,98,08,327)	(1,57,86,191)	1,49,69,530	60,80,025
Other comprehensive income					
Other comprehensive income		–	–	–	–
Total comprehensive income/ (loss) for the year		(3,98,08,327)	(1,57,86,191)	1,49,69,530	60,80,025
Earnings / (loss) per share	8	(0.29)	(0.11)	0.11	0.04

The accounting policies and notes from 1 to 25 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2020

	Note	31.03.2020 LKR	31.03.2020 INR	31.03.2019 LKR	31.03.2019 INR
Assets					
Non Current Assets					
Property, plant and equipment	9	4,76,33,081	1,90,19,413	5,47,96,537	2,15,79,972
Capital work-in-progress	10	12,10,88,34,728	4,83,49,36,619	18,23,40,62,683	7,18,09,38,566
Right of use asset	11	8,57,34,97,439	3,42,33,11,793	–	–
Prepaid lease rental	12	–	–	9,31,83,63,160	3,66,97,57,780
Non current prepayments	13	1,98,88,30,839	79,41,20,266	2,38,90,70,944	94,08,63,919
		22,71,87,96,087	9,07,13,88,091	29,99,62,93,324	11,81,31,40,237
Current Assets					
Inventories	14	12,86,22,82,023	5,13,57,80,589	–	–
Current prepayments	15	14,20,58,038	5,67,22,354	14,73,05,487	5,80,11,847
Cash and bank balances	16	17,29,51,639	6,90,57,860	57,49,55,015	22,64,28,784
		13,17,72,91,700	5,26,15,60,803	72,22,60,502	28,44,40,631
Total Assets		35,89,60,87,787	14,33,29,48,893	30,71,85,53,826	12,09,75,80,868
Equity and Liabilities					
Capital and Reserves					
Stated capital	17	35,58,50,10,002	15,27,77,69,337	30,55,13,30,002	13,30,38,39,357
Accumulated loss		(43,21,99,349)	(1,24,14,96,972)	(19,02,95,303)	(1,34,70,56,672)
		35,15,28,10,653	14,03,62,72,365	30,36,10,34,699	11,95,67,82,685
Non Current Liabilities					
Right of use lease liability - Non current		2,66,969	1,06,598	–	–
Advance from customers		31,74,55,871	12,67,56,955	7,95,03,900	3,13,10,226
		31,77,22,840	12,68,63,553	7,95,03,900	3,13,10,226
Current Liabilities					
Right of use lease liability - Current		25,833	10,315	–	–
Other payables	18	42,55,28,460	16,99,09,259	27,80,15,227	10,94,87,957
		42,55,54,293	16,99,19,574	27,80,15,227	10,94,87,957
Total Equity and Liabilities		35,89,60,87,787	14,33,29,48,893	30,71,85,53,826	12,09,75,80,868

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 08th June 2020.

Arun Pathak
Managing Director

Nakul Anand
Chairman

The accounting policies and notes from 1 to 25 form an integral part of these financial statements.
Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

	Stated Capital LKR	Stated Capital INR	Retained Earnings LKR	Retained Earnings INR	Total LKR	Total INR
Balance as at 31st March 2018	20,17,01,06,002	9,03,91,07,941	(20,52,64,833)	(68,38,21,913)	19,96,48,41,169	8,35,52,86,028
Shares issued during the period 13.5% Cumulative non convertible preference shares redeemable at the option of the issuer	10,38,12,24,000	4,26,47,31,416	–	–	10,38,12,24,000	4,26,47,31,416
Pre operating loss for the period	–	–	1,49,69,530	60,80,025	1,49,69,530	60,80,025
Foreign Exchange Translation Reserve	–	–	–	(66,93,14,784)	–	(66,93,14,784)
Balance as at 31st March 2019	30,55,13,30,002	13,30,38,39,357	(19,02,95,303)	(1,34,70,56,672)	30,36,10,34,699	11,95,67,82,685
Prior period adjustment	–	–	(20,20,95,718)	(8,01,42,067)	(20,20,95,718)	(8,01,42,067)
Shares issued during the period 13.5% Cumulative non convertible preference shares redeemable at the option of the issuer	5,03,36,80,000	1,97,39,29,980	–	–	5,03,36,80,000	1,97,39,29,980
Pre operating loss for the period	–	–	(3,98,08,327)	(1,57,86,191)	(3,98,08,327)	(1,57,86,191)
Foreign Exchange Translation Reserve	–	–	–	20,14,87,958	–	20,14,87,958
Balance as at 31st March 2020	**35,58,50,10,002**	**15,27,77,69,337**	**(43,21,99,349)**	**(1,24,14,96,972)**	**35,15,28,10,653**	**14,03,62,72,365**

The accounting policies and notes from 1 to 25 form an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2020

	Note	2019/20 LKR	2019/20 INR	2018/19 LKR	2018/19 INR
Cash Flows From Operating Activities					
Profit before tax		**(3,98,08,327)**	**(1,57,86,191)**	1,49,69,530	60,80,025
Adjustment for:					
Depreciation expenses	4	**89,81,028**	**35,61,471**	55,82,951	22,67,571
Operating profit before working capital changes		**(3,08,27,299)**	**(1,22,24,720)**	2,05,52,481	83,47,596
Adjustment for:					
(Increase)/decrease in Pre payments		**20,33,91,836**	**8,12,12,326**	(76,98,18,162)	(30,31,69,789)
(Decrease)/increase in other payables		**14,75,13,233**	**5,89,00,559**	(1,64,36,56,189)	(64,73,04,680)
(Decrease)/ increase in advance from customers		**23,79,51,971**	**9,50,11,843**	7,95,03,900	3,13,10,226
Net cash flow from operating activities		**55,80,29,741**	**22,29,00,008**	(2,31,34,17,970)	(91,08,16,647)
Cash Flows From Investing Activities					
Additions to Capital Work in progress (*)	10	**(5,99,18,69,712)**	**(2,39,24,93,657)**	(7,48,67,99,063)	(2,94,84,51,207)
Purchase of property, plant and equipment, etc.	9	**(18,17,572)**	**(7,25,738)**	(4,85,22,569)	(1,91,09,158)
Net cash flow used in investing activities		**(5,99,36,87,284)**	**(2,39,32,19,395)**	(7,53,53,21,632)	(2,96,75,60,365)
Cash Flows From Financing Activities					
Lease rental payment		**(25,833)**	**(10,315)**	–	–
Proceeds from issue of shares	17	**5,03,36,80,000**	**1,97,39,29,980**	10,38,12,24,000	4,26,47,31,416
Net cash flow from financing activities		**5,03,36,54,167**	**1,97,39,19,665**	10,38,12,24,000	4,26,47,31,416
Net increase/(decrease) in cash and cash equivalents		**(40,20,03,376)**	**(19,63,99,722)**	53,24,84,398	38,63,54,404
Cash and cash equivalents at the beginning of the period		**57,49,55,015**	**22,64,28,784**	4,24,70,617	1,77,73,953
Foreign exchange translation gain/ (loss)		–	**3,90,28,798**	-	(17,76,99,573)
Cash and cash equivalents at the end of the period	19	**17,29,51,639**	**6,90,57,860**	57,49,55,015	22,64,28,784

(*) This amount represents the cash outflows towards development of the mixed used property. As the costs have been segregated between CWIP and Inventory at the year end, this outflow includes payments made for both inventory and capital work in progress improvements.

The accounting policies and notes from 1 to 24 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1. Company Information

1.1. Domicile and Legal Form

Welcom Hotels 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, DeSaram Place, Colombo 10.

1.2. Principal activity and nature of operations

Welcom Hotels 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 2020 were authorised for issue by the Board of Directors on 8th June, 2020.

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, except for the changes to the accounting policies due to the adaption of SLFRS 16 – Leases as described in Note 25

2.4. Comparative Information

Previous year's figures and phrases are rearranged, wherever necessary, to conform to the current year's presentation. However, the Company has not restated comparative information for 2018/19 for leases within the scope of SLFRS 16. Therefore, the comparative information for 2018/19 is reported under LKAS 17, and is not comparable to the information presented for 2019/20. Changes to the financial statement presentations arising from adoption of SLFRS 16 have been disclosed in Note 25.

Due to the availability of new information during the year to segregate capital work in progress balance of the mixed use development property as at 31st March, 2020 into inventories and other non-current developments, the Company has elected to present such developments in two separate lines of the Statement of Financial Position (Capital work-in-progress and Inventories) with effect from current financial reporting date.

2.5. Going Concern

When preparing the financial statements, the Directors have assessed the ability of the Company to continue as a going concern. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company does not foresee a need for liquidation or cessation of business activities taking into account all available information about the future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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.

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, industry reports, etc. The impact of COVID-19 on the Company's financial statements may differ in future from that estimated as at the date of approval of these financial statements.

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

2.11.

Policy applicable up to 31 March 2019

Leasing contracts which transfers substantially all the risks and rewards incidental to ownership of the assets are treated as finance lease. All other leases are classified as operating lease. Payments made under operating leases during the construction period of mixed development project are recognised in the Capital work in progress.

Policy applicable from 1 April 2019

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.

2.12. 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 & 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 realisable 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 realisable 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 issueof the preference shares, the quantum and timing of such pay-out, subject to adequacy of profits, being at the discretion of the issuer. The preference shares are cumulative, non-convertible, and redeemable at the option of the issuer.

Incremental costs directly attributable to the issue of ordinary shares and preference shares are recognised as a deduction from equity, net of any tax effects.

2.16. 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 Flow

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.

	2019/20 LKR	2019/20 INR	20178/19 LKR	2018/19 INR
3. Other Income				
Foreign exchange gain	–	–	2,42,78,840	98,61,093
4. Administrative Expenses				
(a) Auditor's remuneration and expenses				
Audit fees*	5,00,000	1,98,278	4,65,000	1,88,864
Reimbursement of expenses and taxes	62,500	24,785	68,588	27,858
(b) Secretarial remuneration and expenses				
Secretarial fees*	90,000	35,690	90,000	36,554
Reimbursement of expenses and taxes	42,380	16,806	6,617	2,687
(c) Consultancy fees	9,40,600	3,73,000	30,96,154	12,57,534
(d) Depreciation	89,81,028	35,61,471	55,82,951	22,67,571
	1,06,16,508	42,10,030	93,09,310	37,81,068
*Excluding taxes				
5. Finance expense				
Foreign exchange loss	49,11,204	19,47,563	-	-
6. Pre-operating Profit / (Loss)				
The following items have been charged in arriving at the pre-operating profit / (loss)				
Auditor's remuneration and expenses	5,62,500	2,23,062	5,33,588	2,16,722
Secretarial remuneration and expenses	1,32,380	52,496	96,617	39,241
Consultancy fees	9,40,600	3,73,000	30,96,154	12,57,534

7. 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.

8. 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.

	2019/20 LKR	2019/20 INR	2018/19 LKR	2018/19 INR
Amount used as the Numerator				
Profit/ (Loss) attributable to ordinary shareholders	(3,98,08,327)	(1,57,86,191)	1,49,69,530	60,80,025
Amount used as the Denominator				
Weighted average no of ordinary shares in issue	13,96,42,260	13,96,42,260	13,96,42,260	13,96,42,260
Earnings/ (Loss) Per Share	(0.29)	(0.11)	0.11	0.04

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Particulars	Gross Block																	
9. Property, Plant and Equipment	Original Cost as at 01.04.2019 (LKR)	Original Cost as at 01.04.2019 (INR)	Additions during the year (LKR)	Additions during the year (INR)	**Original Cost as at 31.03.2020 (LKR)**	Foreign Currency Translation Adjustments (INR)	**Original Cost as at 31.03.2020 (INR)**	Accumulated Depreciation as at 01.04.2019 (LKR)	Accumulated Depreciation as at 01.04.2019 (INR)	Depreciation for the year 01.04.2019 (LKR)	Depreciation for the year 01.04.2019 (INR)	**Depreciation upto 31.03.2020 (LKR)**	Foreign Currency Translation Reserve Adjustments (INR)	**Depreciation upto 31.03.2020 (INR)**	Net Block as at 01.04.2019 (LKR)	Net Block as at 01.04.2019 (INR)	**Net Block as at 31.03.2020 (LKR)**	**Net Block as at 31.03.2020 (INR)**
Furniture & fixtures	16,37,489	6,44,876	4,36,548	1,73,115	20,74,037	10,151	8,28,142	3,15,130	1,24,104	2,25,307	89,347	5,40,437	2,340	2,15,791	13,22,359	5,20,771	15,33,600	6,12,351
Vehicles	5,23,50,000	2,06,16,477	-	-	5,23,50,000	2,86,355	2,09,02,832	42,01,067	16,54,464	62,10,932	24,62,976	1,04,11,999	39,967	41,57,407	4,81,48,933	1,89,62,013	4,19,38,001	1,67,45,425
Plant and equipment	4,55,499	1,79,385	1,34,288	53,253	5,89,787	2,859	2,35,495	54,692	21,539	34,036	13,497	88,728	392	35,428	4,00,807	1,57,846	5,01,059	2,00,067
Computers	72,67,603	28,62,127	12,46,736	4,94,399	85,14,339	43,164	33,99,691	23,43,165	9,22,785	25,10,753	9,95,651	48,53,918	19,684	19,38,120	49,24,438	19,39,342	36,60,421	14,61,570
Total	**6,17,10,591**	**2,43,02,865**	**18,17,572**	**7,20,767**	**6,35,28,163**	**3,42,529**	**2,53,66,160**	**69,14,054**	**27,22,893**	**89,81,028**	**35,61,471**	**1,58,95,082**	**62,383**	**63,46,747**	**5,47,96,537**	**2,15,79,972**	**4,76,33,081**	**1,90,19,413**

			LKR 31-Mar-20	INR 31-Mar-20
10.	**Capital Work-in- Progress**			
	Original cost as at 01.04.2019		18,23,40,62,683	7,18,09,38,566
	SLFRS 16 adjustment	(Note 25)	65,10,30,423	25,81,69,369
	Additions during the year		6,08,60,23,645	2,41,34,43,107
	Foreign currency translation adjustments			8,29,87,824
	Transfers to inventories		(12,86,22,82,023)	(5,10,06,02,248)
	Net cost as at 31.03.2020 *		12,10,88,34,728	4,83,49,36,619

(*) Capital work-in- progress as at 31-March-2020 includes interest cost incurred on lease liability of LKR 18,027 INR 7,198 and amortization of ROU asset - LKR 6,55,85,184 INR 2,61,87,508 during the year.

		Balance as at 31-Mar-20 LKR	Balance as at 31-Mar-20 INR	Balance as at 31-Mar-19 LKR	Balance as at 31-Mar-19 INR
11.	**Right of Use Asset**				
	Land				
	Recognition on the adoption of SLFRS 16 (Note 25)	8,66,76,25,499	3,46,08,96,186	–	–
	Less: Amortization for the period	9,41,28,060	3,75,84,393	–	–
		8,57,34,97,439	3,42,33,11,793	–	–

		31.03.2020 LKR	31.03.2020 INR	31.03.2019 LKR	31.03.2019 INR
12.	**Prepaid Lease Rental**				
	Prepaid lease rentals (note 12.1)	–	–	9,31,83,63,160	3,66,97,57,780

12.1 Prepaid Lease Rental

Prepaid lease rental amounting to LKR 9,22,42,50,000 (USD 7,35,00,000) was paid to the Board of Investment of Sri Lanka (BOI) on 4th May 2012 for 5.86 acres of land taken on a 99 year lease for developing a mixed use project.

The details of the land and stamp duty on lease are as follows:

	31.03.2020 LKR	31.03.2020 INR	31.03.2019 LKR	31.03.2019 INR
Prepaid lease premium for land	–	–	9,22,42,50,000	3,63,26,94,135
Stamp duty on lease of land	–	–	9,41,13,160	3,70,63,645
	–	–	9,31,83,63,160	3,66,97,57,780

Impact on Prepaid lease rental due to the adoption of SLFRS 16 - 'Leases', is disclosed in Note 25.

		31.03.2020 LKR	31.03.2020 INR	31.03.2019 LKR	31.03.2019 INR
13.	**Non Current Prepayments**				
	Security deposit	1,52,96,949	61,07,918	1,39,72,951	55,02,827
	Capital advances	1,94,98,64,896	77,85,61,554	2,11,02,10,936	83,10,43,271
	Contract costs	2,36,68,994	94,50,794	26,48,87,057	10,43,17,821
		1,98,88,30,839	79,41,20,266	2,38,90,70,944	94,08,63,919
14.	**Inventories**				
	Work In Progress*	12,86,22,82,023	5,13,57,80,589	–	–

(*) Work-in- progress as at 31st March, 2020 includes interest cost incurred on lease liability of LKR 7,846 INR 3,133 and amortization of ROU asset - LKR 2,85,42,875 INR 1,13,96,884 during the year.

		31.03.2020 LKR	31.03.2020 INR	31.03.2019 LKR	31.03.2019 INR
15.	**Current Prepayments**				
	Security deposit	32,94,717	13,15,547	49,28,914	19,41,105
	Other advances	13,87,63,321	5,54,06,807	14,23,76,573	5,60,70,742
		14,20,58,038	5,67,22,354	14,73,05,487	5,80,11,847
16.	**Cash and Bank balances**				
	Cash at bank	17,20,59,614	6,87,01,683	57,44,24,509	22,62,19,860
	Cash in hand	8,92,025	3,56,177	5,30,506	2,08,924
		17,29,51,639	6,90,57,860	57,49,55,015	22,64,28,784

	31.03.2020 No. of Shares	31.03.2020 Amount LKR	31.03.2020 Amount INR	31.03.2019 No. of Shares	31.03.2019 Amount LKR	31.03.2019 Amount INR
17. Stated Capital						
Equity capital						
Opening balance	13,96,42,260	13,90,59,16,002	6,39,16,74,861	13,96,42,260	13,90,59,16,002	6,39,16,74,861
Issued during the quarter	–	–	–	–	–	–
Closing balance	13,96,42,260	13,90,59,16,002	6,39,16,74,861	13,96,42,260	13,90,59,16,002	6,39,16,74,861

	31.03.2020 No. of Shares	31.03.2020 Amount LKR	31.03.2020 Amount INR	31.03.2019 No. of Shares	31.03.2019 Amount LKR	31.03.2019 Amount INR
Preference shares						
Opening balance	16,64,54,140	16,64,54,14,000	6,91,21,64,496	6,26,41,900	6,26,41,90,000	2,64,74,33,080
Issued during the period	5,03,36,800	5,03,36,80,000	1,97,39,29,980	10,38,12,240	10,38,12,24,000	4,26,47,31,416
Closing balance	21,67,90,940	21,67,90,94,000	8,88,60,94,476	16,64,54,140	16,64,54,14,000	6,91,21,64,496
Total Stated Capital	35,64,33,200	35,58,50,10,002	15,27,77,69,337	30,60,96,400	30,55,13,30,002	13,30,38,39,357

The preference shares are entitled to a dividend of 13.5% and are cumulative, non-convertible, and redeemable at the option of the issuer.

		31.03.2020 LKR	31.03.2020 INR	31.03.2019 LKR	31.03.2019 INR
18.	**Other Payables**				
	Auditor's remuneration and expenses	5,62,500	2,24,601	5,33,588	2,10,138
	Retention - Contractor	1,78,71,849	71,36,051	3,07,20,242	1,20,98,246
	Sundries*	40,70,94,111	16,25,48,608	24,67,61,397	9,71,79,573
		42,55,28,460	16,99,09,259	27,80,15,227	10,94,87,957

* Includes payables to related parties LKR 1,93,70,703 INR 77,34,528 (2018/19 LKR 1,97,90,826 INR 77,94,023) (refer note 22)

19.	**Notes to the Cash Flow Statement**				
	Cash and Cash Equivalents at the End of the Year				
	Cash at bank	17,20,59,614	6,87,01,683	57,44,24,509	22,62,19,860
	Cash in hand	8,92,025	3,56,177	5,30,506	2,08,924
		17,29,51,639	6,90,57,860	57,49,55,015	22,64,28,784

20. Contingencies and Commitments

Capital commitments is pending as at balance sheet date is LKR 34,37,51,83,297 INR 13,72,56,66,939 (2018/19 LKR 25,09,90,04,853 INR 9,88,44,90,091)

Above capital commitment balance include LKR 3,21,57,896 INR 1,28,40,326 (2018/19 LKR 3,49,58,126 INR 1,37,67,209) in favour of ITC Limited.

There were no significant contingent liabilities as at the date of statement of financial position other than those disclosed above.

21. Events after the date of Statement of Financial Position

The Company issued 1,16,59,200 shares to ITC Limited on 22nd April, 2020. After such share issue the stated capital of the Company has become LKR 36,75,09,30,002 INR 15,73,83,20,337

22. Related Party Transactions

22.1 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	Share issue	5,03,36,80,000 (10,38,12,24,000)	1,97,39,29,980 (4,26,47,31,416)	35,64,33,20,000 (30,60,96,40,000)	15,30,46,28,176 (13,33,06,98,196)
ITC Ltd	Parent Company	Purchase of goods and services	33,58,138 (1,97,23,344)	13,31,686 (80,10,833)	5,74,252 (50,84,517)	2,29,293 (20,02,384)
ITC Ltd	Parent Company	Technical service fee	1,08,39,710 (1,02,11,985)	42,98,541 (41,47,700)	28,05,722 (26,19,934)	11,20,297 (10,31,782)
ITC Ltd	Parent Company	Reimbursement of expenses #	2,53,84,353 (5,46,35,154)	1,02,44,742 (2,21,90,614)	1,59,90,729 (1,20,86,375)	63,84,938 (47,59,856)
International Travel House Ltd	Associate of Parent Company	Purchase of services	– (82,30,842)	– (33,43,039)	— (—)	— (—)

Note: Figures in brackets relate to the previous year

*Above amounts are classified as Other Payables except share issue which is classified as stated capital.

Reimbursement expenses includes compensation costs charged to the Company by the parent company LKR 1,48,18,674 INR 58,31,676 (2018/19 - LKR 3,89,43,071 INR 1,61,48,049) 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.

23. 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.

	2019/20	2019/20	2018/19	2018/19
	LKR	INR	LKR	INR
Compensation to Key Management Personnel				
Short term employee benefits	3,62,10,404	1,43,59,417	3,19,97,268	1,29,96,010

24. Financial risk management objectives

The Company is engaged in the construction of a mixed-use development project in phases consisting of a hotel, residences and other commercial spaces. The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the changes in market prices. Mainly the changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

a) Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial asset fluctuating due to changes in foreign exchange rates. Currently the Company is exposed to foreign currency risk on purchases and cash deposits denominated in currencies other than the functional currency of the Company. The currency giving rise to this risk is primarily US Dollars.

The company as at the reporting date, holds cash deposits at bank denominated in currencies other than the functional/reporting currency. A reasonable possible strengthening or weakening of the US Dollar (USD) against the Sri Lanka Rupee (LKR) as at the reporting date would have affected the measurement of USD denominated bank balances and affected statement of comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant.

	As at 31st March 2020 (LKR)	As at 31st March 2020 (INR)
USD denominated bank balances	16,67,61,811	6,65,86,323
Impact of 1% increase in USD rate - gain/(loss)	16,67,618	6,65,863
Impact of 1% decrease in USD rate - gain/(loss)	(16,67,618)	(6,65,863)

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 17,20,59,614 INR 6,87,01,683 (2018/19 - LKR 57,44,24,509 INR 22,62,19,860), 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 35,58,50,10,002 INR 15,27,77,69,337 (2018/19 - LKR 30,55,13,30,002 INR 13,30,38,39,357) 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.

25. New Accounting Standards issued but not effective

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standard that has an effective date for the annual periods beginning on or after 1st January, 2019. The company has applied these standards in preparing the financial statements for the period ended 31st March 2020.

Sri Lanka Accounting Standard (SLFRS 16) - Leases

This standard sets outs the principles for the recognition, measurement, presentation and disclosure of leases and provides a single lessee accounting model requiring lessees to recognise assets and liabilities for all leases other than short term leases (lease term is 12 months or less) and leases for which the underlying asset has a low value.

As at 1st April 2019, upon adoption of SLFRS 16 the pre paid lease rental on land lease has been identified as a Right of Use Asset.

Due to the adoption of SLFRS 16, the following presentation changes have been made in the financial statements.

Pre paid lease rentals were presented in the line item of "Pre paid lease rental" in the Statement of Financial Position as at 31st March, 2019. Due to the adoption of SLFRS 16 this balance met the definition of Right of Use Asset. Accordingly it has been presented as a separate line item (Right of Use Asset), as permitted under SLFRS 16. As the Company elected to present Right of Use Asset as a separate line item, cumulative amortisation up to the date of transition amounting to LKR 65,10,30,423 INR 25,81,69,369 has been recognised in the opening balance of the Capital Work-In-Progress. Further, an additional right of use asset and liability of LKR 2,92,762 INR 1,15,296 has been recognised as at 1st April, 2019 considering future lease payments.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

1. Your Directors submit their Report for the financial year ended 31st March, 2020.

2. FINANCIAL PERFORMANCE

During the year under review, your Company recorded Total Income of ₹ 2,837.27 lakhs (previous year: ₹ 2,656.68 lakhs), representing an increase of 6.80% over the previous year. The Other Income for the year aggregated ₹ 182.06 lakhs (previous year: ₹ 208.40 lakhs) and profit for the year ₹ 284.89 lakhs (previous year: ₹ 311.25 lakhs).

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

	For the year ended 31st March, 2020 (₹ in lakhs)	For the year ended 31st March, 2019 (₹ in lakhs)
Profits		
a. Profit Before Tax	**284.89**	**311.25**
b. Less : Tax Expense	–	–
c. Profit for the year	**284.89**	**311.25**
d. Other Comprehensive Income	(2.55)	1.48
e. Total Comprehensive Income	**282.34**	**312.73**
Statement of Retained Earnings		
a. At the beginning of the year	**(8,921.17)**	**(9,233.90)**
b. Add : Profit for the year	284.89	311.25
c. Add : Other Comprehensive Income	(2.55)	1.48
d. At the end of the year	**(8,638.83)**	**(8,921.17)**

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 Retreat's Kaya Kalp - The Royal Spa was awarded 'Favorite Spa in an Indian Hotel' by Conde Nast Traveller, India as part of the Reader's Travel Awards, 2019. AsiaSpa India also awarded Kaya Kalp - The Royal Spa as the 'Best Destination Spa (India)' for 2019. In addition to this, EventFaqs awarded ITC Grand Bharat the title of 'Best Venue for Intimate Weddings and Celebrations' in the Wow Awards, Asia. The Retreat was listed amongst the 'Top 50 Resorts in Asia' by Conde Nast Traveller, USA and was accorded the Editor's Choice Award by Travel+Leisure magazine for the 'Best Luxury Resort – Domestic'.

During the year, the Classic Golf & Country Club hosted various prestigious tournaments and sustained its leadership position in the corporate tournament segment. The Club hosted 'Classic Golf & Country Club International Championship 2019' in September, 2019 followed by 'Panasonic India Open' in November, 2019 in association with the Asian Tour. Both these International tournaments witnessed the participation of more than 125 professional Golfers across 20 countries and received significant coverage in domestic and international media. The Club enjoys strong brand equity with its members, guests and the golfing fraternity and continues to receive the patronage of amateur and professional golfers in the country.

In view of the ongoing COVID-19 pandemic, the operations at the Club had been suspended from 21st March, 2020 and were resumed with effect from 22nd May, 2020 in line with the Guidelines issued by the relevant authorities permitting sports complexes / stadia to resume operations. The Company has put in place highest levels of safety and hygiene standards, implementation of social distancing norms and full compliance with all Environmental, Health and Safety (EHS) protocols.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Changes in Directors and Key Managerial Personnel

During the year under review, the Members at the 27th Annual General Meeting (AGM) held on 28th June, 2019 approved the appointment of Mr. Jagdish Singh (DIN: 00042258) as a Non-Executive Director of the Company with effect from 28th June, 2019.

Mr. Bhagwateshwaran Hariharan (DIN: 02953902) resigned as the Managing Director of the Company with effect from close of work on 30th April, 2020.

Your Board at the Meeting held on 1st May, 2020, recommended for the approval of Members, the appointment of Mr. Deepak Cedric Menezes as the Manager of the Company in accordance with Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'). Appropriate resolution seeking your approval to Mr. Menezes' 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 Articles 106, 107 and 108 of 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.

(c) Board Evaluation

The Board carried out annual performance evaluation of its own performance and that of the individual Directors and also functioning of the Audit Committee, as required under Section 134(3)(p) of the Act, based on approved criteria.

5. BOARD AND BOARD COMMITTEES

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

Audit Committee

Mr. R. Tandon – Chairman
Mr. N. Anand – Member
Ms. R. Chadha – Member

Five meetings of the Board were held during the year ended 31st March, 2020.

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 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. As required under the Risk Management Policy of the Company, a Risk Mitigation Report back is prepared on a half-yearly basis and reviewed by the Managing Director 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 have arisen due to the still unfolding 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 ensure that such systems are reinforced on an ongoing basis.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2020, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

12. RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with its related parties during the financial year were in accordance with the provisions of the Act. All such contracts or arrangements were entered in the ordinary course of business and on arm's length basis, and have been approved by the Audit Committee.

The details of material related party transaction of the Company in the prescribed Form No. AOC-2 are enclosed as **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. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 3** to this Report.

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. AUDITORS

(a) Statutory Auditors

The Board, on the recommendation of the Audit Committee, has recommended for the approval of the Members, that the Board be authorised to determine the remuneration of Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants ('DHS'), for conduct of the statutory audit of the Company for the financial year 2020-21. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the ensuing AGM of the Company.

(b) Secretarial Auditors

Your Board, appointed Messrs. PB & Associates, Company Secretaries, to conduct secretarial audit of the Company for the financial year ended 31st March, 2020. The Report of Messrs. PB & Associates, Company Secretaries, in terms of Section 204 of the Act is enclosed as **Annexure 4** to this Report.

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:

75 Compact Fluorescent Lamps (CFLs) were replaced with Light-Emitting Diodes (LEDs) to conserve energy.

Steps taken by the Company for utilising alternate sources of energy: NIL

Capital investment on energy conservation equipment: NIL

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.: NIL

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 ₹ 128.62 lakhs (previous year: ₹ 129.92 lakhs), while the foreign exchange outflow aggregated ₹ 90.50 lakhs (previous year: ₹ 159.51 lakhs).

On behalf of the Board

Dated : 8th June, 2020	**N. Anand**	**Chairman**
Place : Gurugram	**J. Singh**	**Director**

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2020

[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
Bhagwateshwaran Hariharan*	57	Managing Director	87,99,299	43,65,311	Post Graduate in Management	34	04.12.2016	ITC Limited, Vice President Marketing
Ravi Khyani*	37	Chief Financial Officer	55,47,997	34,33,574	B.Com, A.C.A	13	01.03.2016	ITC Limited, Finance Controller
Col. Rajesh Singh Bains*	56	Manager – Loss Prevention	38,72,659	24,57,688	B.Sc., PG Degree in Defence Armament Technology	36	01.04.2018	ITC Limited, Manager - Loss Prevention
Pradeep Singh	55	Vice President-HR & Liaison	23,28,870	18,75,164	B.Com, L.L.B., M.B.A.	31	10.11.2006	Amira Foods (India) Limited, Sr. Manager-HR & IR
Alok Rastogi*	54	Executive Chef	23,13,257	13,78,328	Graduation- B. A, Diploma Holder	34	01.04.2019	ITC Limited – Hotels Division, Chef
Jay Prakash K B*	27	Assistant Financial Controller	19,66,629	14,02,464	B.Com (Hons), A.C.A	3	01.09.2018	ITC Limited, Asst. Manager - Finance
Shiv Charan*	48	Manager - Engineering	13,47,098	11,93,886	M.B.A, B.E.	30	16.05.2011	ITC Limited, Asst. Manager Engineering
Vikas Kumar	45	D.G.M Maintenance	13,33,874	11,56,056	B.Sc., M.Sc., P.G.D in Plantation Technology	18	05.10.2006	Soka Bodhi Tree Garden, Horticulturist
Keshav Kumar	43	D.G.M - Golf Operations & Marketing	13,03,690	11,19,299	B.Com	12	17.04.2009	Golden Greens Golf & Resorts Limited, Manager-Golf Operations
Rajbir Singh	52	Assistant Manager – Land & Legal	10,64,934	9,43,034	Matriculation	28	01.04.2008	Central Park, Unitech, Land Officer

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

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 Managing Director, Chief Financial Officer and 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) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Managing Director, Chief Financial Officer 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

N. Anand — **Chairman**
J. Singh — **Director**

Dated : 8th June, 2020
Place : Gurugram

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2020

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 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 Holding Company
b)	Nature of contracts / arrangements / transactions	Licence 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	Licence to operate Hotel 'ITC Grand Bharat' Value of the transaction during the year - ₹ 5,31,00,000/- (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

N. Anand — **Chairman**
J. Singh — **Director**

Dated : 8th June, 2020
Place : Gurugram

Annexure 3 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U74899HR1992PLC052412
ii)	Registration Date	:	24th January, 1992
iii)	Name of the Company	:	Landbase India Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	ITC Green Centre, Plot No.10, Institutional Area, Sector-32, Gurugram – 122001 Phone : 0124 4171042 e-mail : Lbase.cgr@itchotels.in
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	MCS Share Transfer Agent Limited F – 65, Okhla Industrial Area, Phase – I, New Delhi – 110020 Phone : 011 41406149-52

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Sports & recreational sports facility operation services – Golf	93110 & 93120	82.57%
2.	License fees	55101	17.43%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	18,70,00,000	13,00,00,000	31,70,00,000	100.00	18,70,00,000	13,00,00,000	31,70,00,000	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**18,70,00,000**	**13,00,00,000**	**31,70,00,000**	**100.00**	**18,70,00,000**	**13,00,00,000**	**31,70,00,000**	**100.00**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**18,70,00,000**	**13,00,00,000**	**31,70,00,000**	**100.00**	**18,70,00,000**	**13,00,00,000**	**31,70,00,000**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	–	–	–	–	–	–	–	–	**N.A.**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B)= (B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	**18,70,00,000**	**13,00,00,000**	**31,70,00,000**	**100.00**	**18,70,00,000**	**13,00,00,000**	**31,70,00,000**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	31,70,00,000	100.00	Nil	31,70,00,000	100.00	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	No Change during the year			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** NOT APPLICABLE

(v) **Shareholding of Directors and Key Managerial Personnel:** None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager: (Amount in ₹)

Sl. No.	Particulars of Remuneration	B. Hariharan (Managing Director) *(refer Note 1)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	75,15,057
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	8,98,502
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	 – –
5.	Others, please specify	–
Total Amount (A)		**84,13,559**
Ceiling as per the Companies Act, 2013		***1,20,00,000 per annum*** *(refer Note 2)*

Note 1: Mr. B. Hariharan is on deputation from ITC Limited (ITC). He has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / ESAR Units are not tradable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options / Units, and accordingly the said grants have not been considered as remuneration.

Note2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2020 are inadequate. The appointment of Mr. Hariharan 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. Hariharan has resigned as the Managing Director of the Company with effect from close of work on 30th April, 2020.

B. Remuneration to other Directors: (Amount in ₹)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Independent Directors' Meeting Fee	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	N. Anand	Nil	Nil	Nil	Nil
	R. Tandon	Nil			
	J. Singh	Nil			
	R. Chadha	90,000			
	Total Amount (B)(2)				**90,000**
Total Amount (B) = (B)(1) + (B)(2)					**90,000**
Total Managerial Remuneration (A + B)					**85,03,559**
Overall ceiling as per the Companies Act, 2013					**1,20,00,000 per annum** ***(refer Note)***

Note : *Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2020 are inadequate.*

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: (Amount in ₹)

Sl. No.	Particulars of Remuneration	R. Siingh (Company Secretary)	R. Khyani (Chief Financial Officer) *(refer Note)*
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	8,39,786	48,63,506
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	43,330	4,79,107
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - as % of profit - others, specify	–	–
5.	Others, please specify	–	–
Total		**8,83,116**	**53,42,613**

Note : *Mr. R. Khyani is on deputation from ITC Limited (ITC). He has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / ESAR Units are not tradable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options / Units, and accordingly the said grants have not been considered as remuneration.*

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013: None

On behalf of the Board

Dated: 8th June, 2020 — **N. Anand** — **Chairman**
Place: Gurugram — **J. Singh** — **Director**

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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, Haryana 122001 (hereinafter referred to as the 'Company') for the period commencing from 1st April, 2019 to 31st March, 2020 (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 provided by the Company, its officers, agents and authorised 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,2020 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,2020,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 Secretarial Standards issued by The Institute of Company Secretaries of India.

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 and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate notice is given to all Directors for the Board Meetings and Committees Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and where meeting was held on shorter notice due compliance in respect of the same was made, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participati on at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

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.

This Certificate is issued within the limited available resources under the situation of National Lockdown due to COVID-19 pandemic.

For **P B & Associates**
Company Secretaries
Pooja Bhatia
FCS: 7673 CP: 6485

Place: New Delhi
Dated: 8th June, 2020
UDIN: F007673B000325144

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

Place: New Delhi

Dated: 8th June, 2020

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, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, 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, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
    e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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(a) of the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses- Refer note 30 of 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 of the financial statements;

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 LLP**
Chartered Accountants
(Firm's Registration No.: 117366W/ W-100018)
Jaideep Bhargava
Partner
(Membership No.: 090295)
(UDIN - 20090295AAAACY5542)

Place : Gurugram
Dated : 08 June, 2020

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, 2020 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, 2020, 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)
Jaideep Bhargava
Partner
(Membership No.: 090295)
(UDIN - 20090295AAAACY5542)

Place : Gurugram
Dated : 08 June, 2020

ANNEXURE "B" TO THE AUDITORS' 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 and equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.

(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 property, plant and equipment 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 and based on the examination of the registered sale deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at March 31, 2020.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees under Section 185 and 186 of the Companies Act, 2013 and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(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 Provident fund, Employees' state insurance, Income tax, Goods and Service tax, Customs duty, Value added tax, Cess and other material statutory dues applicable with the appropriate authorities.There were no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income tax, Goods and Service tax, Customs duty, Value added tax,Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(b) There are no disputed dues in respect of Income-tax, Customs duty,Excise duty, Value added tax and Goods and Services Tax as at March 31, 2020 which have not been deposited on account of disputes.

(viii) The Company has neither taken any loans or borrowings from financial institutions, banks and government nor has it issued any debentures. Hence reporting under clause (viii) of Order is not applicable to the Company.

(ix) 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 (ix) of the Order is not applicable.

(x) 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.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

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

(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.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.: 117366W/ W-100018)
Jaideep Bhargava
Partner
(Membership No.: 090295)
(UDIN - 20090295AAAACY5542)

Place : Gurugram
Dated : 08 June, 2020

Balance Sheet as at 31st March, 2020

	Particulars	Note		As at 31st March, 2020 (₹ in lakhs)		As at 31st March, 2019 (₹ in lakhs)
	ASSETS					
1	**Non-current assets**					
	(a) Property, plant and equipment	3		24,525.86		23,977.37
	(b) Capital work-in-progress	3		295.81		440.33
	(c) Intangible assets	3		9.79		2.41
	(d) Financial assets					
	(i) Investments	4	0.00*		0.00*	
	(ii) Other financial assets	5	623.33	623.33	–	0.00
	(e) Other non-current assets	6		512.39		570.28
	Total Non - Current Assets			25,967.18		24,990.39
2	**Current assets**					
	(a) Inventories	7		97.75		92.28
	(b) Financial assets					
	(i) Investments	8	–		919.66	
	(ii) Trade receivables	9	56.49		55.70	
	(iii) Cash and cash equivalents	10	116.13		65.26	
	(iv) Other bank balances	11	1,573.99		1,384.29	
	(v) Other financial assets	5	12.42	1,759.03	59.62	2,484.53
	(c) Other current assets	6		111.39		123.95
	Total Current Assets			1,968.17		2,700.76
	TOTAL ASSETS (1+2)			27,935.35		27,691.15
	EQUITY AND LIABILITIES					
1	**Equity**					
	(a) Equity share capital	12		31,700.00		31,700.00
	(b) Other equity			(8,027.21)		(8,309.55)
	Total equity			23,672.79		23,390.45
	Liabilities					
2	**Non-current liabilities**					
	(a) Financial Liabilities					
	- Other financial liabilities	13		3,136.78		3,150.17
	(b) Provisions	14		98.59		77.05
	(c) Other non-current liabilities	15		351.93		337.86
	Total Non - Current Liabilities			3,587.30		3,565.08
3	**Current liabilities**					
	(a) Financial liabilities					
	(i) Trade payables					
	(a) Total outstanding dues of micro enterprises and small enterprises; and		–		63.59	
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		209.81		264.75	
	(ii) Other financial liabilities	13	88.97	298.78	62.28	390.62
	(b) Other current liabilities	15		366.40		335.94
	(c) Provisions	14		10.08		9.06
	Total Current Liabilities			675.26		735.62
	TOTAL EQUITY AND LIABILITIES (1+2+3)			27,935.35		27,691.15

* Represents ₹ 150

The accompanying notes 1 to 35 are an integral part of the Financial Statements.

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jaideep Bhargava
Partner
Place : Gurugram
Date : 8th June 2020

On behalf of the Board

N. Anand Chairman
Jagdish Singh Director
Ravi Khyani Chief Financial Officer
Rucche Siingh Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2020

	Particulars	Note	For the year ended 31st March, 2020 (₹ in lakhs)	For the year ended 31st March, 2019 (₹ in lakhs)
I	Revenue from operations	16	2,655.21	2,448.28
II	Other income	17	182.06	208.40
III	**Total Income (I+II)**		2,837.27	2,656.68
IV	**EXPENSES**			
	(a) Cost of materials consumed		76.40	8.41
	(b) Purchase of Stock in Trade		2.29	–
	(c) Changes in inventories of Stock in Trade		(0.21)	–
	(d) Employee benefit expenses	18	719.42	653.36
	(e) Depreciation and amortization expenses	3	496.69	452.90
	(f) Other expenses	19	1,257.79	1,230.76
	Total Expenses (IV)		2,552.38	**2,345.43**
V	**Profit before tax (III - IV)**		284.89	**311.25**
VI	**Tax Expense**		–	–
VII	**Profit for the year (V-VI)**		284.89	**311.25**
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	- Remeasurements gains/ (losses) on defined benefit plans		(2.55)	1.48
	- Income tax expense on remeasurement of defined benefit plans		–	–
IX	**Total Comprehensive Income for the year (VII+VIII)**		282.34	312.73
X	**Earnings per equity share (Face Value ₹ 10.00 each)**			
	Basic/ Diluted(in ₹)	20	0.09	0.10

The accompanying notes 1 to 35 are an integral part of the Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jaideep Bhargava
Partner
Place : Gurugram
Date : 8th June 2020

On behalf of the Board

N. Anand Chairman
Jagdish Singh Director
Ravi Khyani Chief Financial Officer
Rucche Siingh Company Secretary

Cash Flow Statement for the year ended 31st March, 2020

	Particulars	For the year ended 31st March, 2020 (₹ in lakhs)	For the year ended 31st March, 2019 (₹ in lakhs)
A	**Cash Flow from Operating Activities**		
	Profit before tax	284.89	311.25
	Adjustments for:		
	Depreciation and amortization expenses	496.69	452.90
	Interest Income	(123.73)	(87.03)
	Net (gain)/ loss on sale and write off of property, plant and equipment	(1.23)	35.44
	Net (gain)/ loss arising on financial assets mandatorily measured at Fair value through profit and loss	(46.37)	(109.52)
	Foreign currency translations and transactions - Net	–	1.45
	Liabilities no longer required written back	4.02	–
	Bad debts & Advances written off	3.18	0.75
	Provision for bad and doubtful debts & Advances	2.18	7.60
	Operating Profit Before Working Capital Changes	619.63	612.84
	Adjustment in working capital:		
	Increase in trade receivables	(2.97)	(32.19)
	Increase in inventories	(5.47)	(15.32)
	(Increase) / Decrease in other assets	75.53	(27.20)
	(Increase) / Decrease in other financial assets	(0.54)	0.78
	Increase / (Decrease) in trade payables	(122.55)	135.41
	Increase / (Decrease) in other financial liabilities	10.41	(45.05)
	Increase in provisions	20.01	14.40
	Increase / (Decrease) in other liabilities	44.53	(27.06)
	Cash generated from operations	638.58	616.61
	Income taxes refund/ (paid)	(6.17)	2.95
	Net Cash from Operating Activities	632.41	619.56
B.	**Cash Flow from Investing Activities**		
	Purchase of property, plant and equipment	(906.01)	(1,019.02)
	Compensation received on compulsory acquisition of land	–	737.73
	Purchase of current investments	(7,722.89)	(19,934.49)
	Sale / redemption of current investments	8,688.92	19,734.88
	Interest received	158.14	63.34
	Investment in bank deposits (original maturity more than 3 months)	(2,344.99)	(1,091.41)
	Redemption/maturity of bank deposits (original maturity more than 3 months)	1,545.29	836.84
	Net Cash used in Investing Activities	(581.54)	(672.13)
C.	**Cash Flow from Financing Activities**	–	–
	Net increase/ (decrease) in Cash and cash equivalents	50.87	(52.57)
	Opening Cash and cash equivalents	65.26	117.83
	Closing Cash and cash equivalents (Refer note 10)	116.13	65.26

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 35 are an integral part of the financial statements.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jaideep Bhargava
Partner
Place : Gurugram
Date : 8th June 2020

On behalf of the Board

N. Anand Chairman
Jagdish Singh Director
Ravi Khyani Chief Financial Officer
Rucche Siingh Company Secretary

Statement of changes in equity for the year ended 31st March, 2020

A. Equity Share capital

	Equity Share capital	
	Number of Shares	(₹ in lakhs)
Balance as at 1st April, 2018	**31,70,00,000**	**31,700**
Add: Issue of equity shares	–	–
Balance as at 31st, March 2019	**31,70,00,000**	**31,700**
Add: Issue of equity shares	–	–
Balance as at 31st March, 2020	**31,70,00,000**	**31,700**

B. Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus		Total
	General Reserve	Retained earnings	
Balance as at 1st April, 2018	**611.62**	**(9,233.90)**	**(8,622.28)**
Profit for the year ended 31st March, 2019	-	311.25	311.25
Other Comprehensive Income	-	1.48	1.48
Total Comprehensive income for the year 2018-19	-	**312.73**	**312.73**
Balance as at 31st March, 2019	**611.62**	**(8,921.17)**	**(8,309.55)**
Profit for the year ended 31st March, 2020	-	284.89	284.89
Other Comprehensive Income	-	(2.55)	(2.55)
Total Comprehensive Income for the year 2019-20	-	**282.34**	**282.34**
Balance as at 31st March, 2020	**611.62**	**(8,638.83)**	**(8,027.21)**

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 35 are an integral part of the Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

On behalf of the Board

Jaideep Bhargava
Partner
Place : Gurugram
Date : 8th June 2020

N. Anand Chairman
Jagdish Singh Director
Ravi Khyani Chief Financial Officer
Rucche Siingh Company Secretary

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. 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	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.

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.

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 Corporate and tenure membership fee is accounted for over the period of membership.

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.

xvi. Comparatives

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

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

– **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.

Notes to the Financial Statements (contd.)

Note - 3

A. Property, Plant and Equipment

(₹ in lakhs)

Particulars	Gross Block							Depreciation and Amortization							Net Block	
	As at 1st April, 2018	Additions	Withdrawals and adjustments	As at 31st March, 2019	Additions	Withdrawals and adjustments	**As at 31st March, 2020**	Upto 1st April, 2018	For the year	withdrawals and adjustments	Upto 31st March, 2019	For the year	withdrawals and adjustments	**Upto 31st March, 2020**	**As at 31st March, 2020**	As at 31st March, 2019
Land (Freehold)	6,522.33	503.20	-	7,025.53	503.20	-	**7,528.73**	-	-	-	-	-	-	-	**7,528.73**	7,025.53
Building	16,427.12	8.61	24.54	16,411.19	132.66	-	**16,543.85**	828.67	276.12	2.09	1,102.70	279.10	-	**1,381.80**	**15,162.05**	15,308.49
Plant & Machinery	1,121.51	143.88	28.43	1,236.96	280.11	21.49	**1,495.58**	217.48	81.71	9.92	289.27	99.10	11.09	**377.28**	**1,118.30**	947.69
Office & Other Equipment	0.38	-	-	0.38	-	0.07	**0.31**	0.23	-	-	0.23	-	-	**0.23**	**0.08**	0.15
Golf Course	127.38	-	-	127.38	-	-	**127.38**	14.49	-	-	14.49	-	-	**14.49**	**112.89**	112.89
Furniture & Fixtures	310.77	26.33	5.88	331.22	25.41	2.74	**353.89**	109.03	38.67	2.94	144.76	42.99	1.57	**186.18**	**167.71**	186.46
Computers	23.59	3.73	1.00	26.32	16.33	1.49	**41.16**	13.64	2.97	0.84	15.77	5.73	1.31	**20.19**	**20.97**	10.55
Vehicles	81.21	24.45	1.65	104.01	6.03	-	**110.04**	20.25	10.11	1.47	28.89	11.78	-	**40.67**	**69.37**	75.12
Golf Carts	247.85	180.09	3.96	423.98	92.41	5.42	**510.97**	74.15	42.56	3.22	113.49	56.12	4.40	**165.21**	**345.76**	310.49
Total (A)	**24,862.14**	**890.29**	**65.46**	**25,686.97**	**1,056.15**	**31.21**	**26,711.91**	**1,277.94**	**452.14**	**20.48**	**1,709.60**	**494.82**	**18.37**	**2,186.05**	**24,525.86**	**23,977.37**
B. Capital work in progress (B)	**292.77**	**148.29**	**0.73**	**440.33**	**3.77**	**148.29**	**295.81**	-	-	-	-	-	-	-	**295.81**	**440.33**
C. Intangible Assets																
Computer Software	6.47	-	-	6.47	9.25	-	**15.72**	3.30	0.76	-	4.06	1.87	-	**5.93**	**9.79**	2.41
Total (C)	**6.47**	-	-	**6.47**	**9.25**	-	**15.72**	**3.30**	**0.76**	-	**4.06**	**1.87**	-	**5.93**	**9.79**	**2.41**
Grand Total (A+B+C)	**25,161.38**	**1,038.58**	**66.19**	**26,133.77**	**1,069.17**	**179.50**	**27,023.44**	**1,281.24**	**452.90**	**20.48**	**1,713.66**	**496.69**	**18.37**	**2,191.98**	**24,831.46**	**24,420.11**

The amortization expense of intangible assets have been included under 'Depreciation and amortisation expense' in the Statement of Profit and Loss.

Notes to the Financial statements (Contd.)

(₹ in lakhs)

		As at 31st March, 2020 Unquoted	As at 31st March, 2019 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, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
5. Other Financial Assets				
(A) Bank Deposit with more than 12 months maturity				
- In Deposit Accounts*	*	610.00	*	–
(B) Other financial assets				
- Interest accrued on Fixed and other deposits	11.01	13.33	58.75	–
- Advances	–	7.60	–	7.60
Less : Advances - credit impaired		(7.60)	–	(7.60)
- Deposits	1.41	–	0.87	–
Total	12.42	623.33	59.62	–

* 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, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
6. Other assets				
(A) Capital advances				
– For Capital work in progress	–	–	–	1.09
(B) Advances other than capital advances				
(i) Security Deposits				
– Utility deposits	–	9.52	–	76.72
– With Statutory Authorities	–	7.00	–	7.00
(ii) Advance Tax (net of provisions)	–	214.61	–	208.44
(iii) Other Advances				
– Prepaid Expenses	59.55	4.26	55.82	0.03
– With Statutory Authorities*	21.44	277.00	35.02	277.00
– Recoverable in Value	28.79	–	28.53	–
(iv) Other Receivables	1.61	–	4.58	–
Total	111.39	512.39	123.95	570.28

* Non-current other advances with Statutory Authorities include

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
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, 2020	As at 31st March, 2019
7 Inventories		
(At lower of cost and net realisable value)		
Tobacco Stock	0.21	–
Food & Beverages	15.16	12.60
Stock of Parking Slot/ Servant quarters	13.20	13.20
Stores and spares	82.38	79.68
Less : Provision for Stock of Parking Slot/ Servant quarters	(13.20)	(13.20)
Total	97.75	92.28

Notes to the Financial statements (Contd.)

(₹ in lakhs)

		As at 31st March, 2020 Unquoted	As at 31st March, 2019 Unquoted
8	**Current investments**		
	Investment in Mutual Funds (at fair value through profit or loss, unless stated otherwise)		
	ICICI Prudential Liquid Fund-Direct Plan -Growth		
	Nil, (2019 - 1,81,593.831) Units of ₹ 100.00 each.	–	501.96
	SBI Liquid Fund-Direct Plan		
	Nil, (2019 - 14,263.099) Units of ₹ 1,000.00 each.	–	417.70
	Total	–	919.66
9	**Trade receivables (Current)**		
	(a) Trade Receivable considered good - Secured	–	–
	(b) Trade Receivable considered good - Unsecured	56.49	55.70
	(c) Trade Receivable which have significant increase in Credit Risk	–	–
	(d) Trade Receivable - Credit impaired	2.18	–
	Less : Provision for doubtful debts	(2.18)	–
	Total	56.49	55.70
10	**Cash and cash equivalents**		
	Balances with Banks		
	- Current accounts	29.80	38.15
	- Deposit accounts (Original maturity of 3 months or less)	82.72	1.61
	Cheques in hand	0.90	19.18
	Cash on hand	2.71	6.32
	Total	116.13	65.26
11	**Other bank balances**		
	In Deposit accounts	1,573.99	1,384.29
	Total	1,573.99	1,384.29

12. Equity Share Capital

Particulars	As at 31st March, 2020 No. of Shares	As at 31st March, 2020 (₹ inLakhs)	As at 31st March, 2019 No. of Shares	As at 31st March, 2019 (₹ in Lakhs)
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 :**

This class of shares having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

	As at 31st March, 2020 No. of Shares	As at 31st March, 2020 %	As at 31st March, 2019 No. of Shares	As at 31st March, 2019 %
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%

(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

Notes to the Financial statements (Contd.)

(₹ in lakhs)

13. Other financial liabilities

Particulars	As at 31st March, 2020		As at 31st March, 2019	
Non-Current				
Deposits received from Members				
Security deposits received	3,195.21		3,200.87	
Less: Subscription fees receivable	(60.73)	3,134.48	(57.28)	3,143.59
ITC ESARs compensation payable		2.30		6.58
Total		3,136.78		3,150.17
Current				
Deposits received from Members				
Security deposits received	45.96		25.46	
Less: Subscription fees receivable	(2.84)	43.12	(1.44)	24.02
Other deposits received		5.21		5.21
Others				
- Retention money payable on purchase of property, plant and equipments		16.60		16.89
- Employee benefits payable		15.78		14.71
- ITC ESOS compensation payable		8.24		–
- ITC ESARs compensation payable		0.02		–
- Other Payables		–		1.45
Total		88.97		62.28

14 Provisions

(₹ in lakhs)

	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non- Current	Current	Non- Current
Provision for employee benefits (Refer Note 24)				
Retirement benefits	6.57	64.36	5.94	51.05
Other benefits	3.51	34.23	3.12	26.00
Total	10.08	98.59	9.06	77.05

15 Other Liabilities

	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non- Current	Current	Non- Current
Advances received from customers	47.83	–	31.28	–
Revenue received in advance	291.19	351.93	260.22	337.86
Statutory liabilities	27.38	–	44.44	–
Total	366.40	351.93	335.94	337.86

16. Revenue from Operations

	For the year ended 31st March, 2020 (₹ in Lakhs)	For the year ended 31st March, 2019 (₹ in Lakhs)
(A) Sale of services & goods		
Membership income*	874.26	817.74
Green fees	554.53	533.45
Caddie fees	223.88	238.47
Cart rental	221.76	255.70
Guest Entry Fees, Golf Set Rental & Range Income	82.31	79.53
Advertisement income	42.08	28.85
License fees	460.25	460.12
Food & Beverages	179.46	19.45
Tobacco	2.33	–
Total (A)	2,640.86	2,433.31
(B) Other Operating Revenues		
Service Export from India Scheme income	–	4.59
Insurance claim received	0.50	1.07
Liabilities Written Back	4.02	–
Others including scrap sales	9.83	9.31
Total (B)	14.35	14.97
Revenue from operations (A+B)	2,655.21	2,448.28

*Includes amortisation of Corporate and Tenure membership fees of ₹ 323.84 lakhs (2019: ₹ 286.29 lakhs).

17. Other Income

	For the year ended 31st March, 2020 (₹ in Lakhs)	For the year ended 31st March, 2019 (₹ in Lakhs)
Interest Income		
- Deposits with banks etc. - carried at amortized cost	123.73	87.03
- Interest on refund of Income Tax	3.64	5.23
- From members on delayed payments	3.55	1.25
- Others (from statutory authorities etc.)	–	4.66
Other gains and losses		
- Net foreign exchange gain / (loss)	1.88	0.18
- Net gain arising on financial assets mandatorily measured at FVTPL*	46.37	109.52
- Net gain on property, plant and equipment sold and written offs	1.23	–
Others	1.66	0.53
Total	182.06	208.40

* Includes ₹ 49.02 lakhs (Previous Year ₹ 109.04 lakhs) being net gain on sale of investments.

Notes to the Financial statements (Contd.)

(₹ in lakhs)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
18. Employee benefit expenses		
Salaries and wages, including bonus	378.95	314.31
Contribution to Provident and other funds	28.49	23.80
Staff welfare expenses	54.53	58.08
Reimbursement of manager's salary on deputation	232.79	178.81
Share based payments to employees (Refer note 25)	24.66	78.36
Total	719.42	653.36
19. Other expenses		
Power & Fuel	165.59	143.89
Consumption of Stores and Spare parts	126.63	149.02
Rent including lease rentals	–	0.75
Contracted Manpower and Services	400.78	316.27
Rates and taxes	55.14	54.86
Insurance	25.76	22.65
Repairs and maintenance - Buildings	23.60	46.34
Repairs and maintenance - Machinery	40.28	24.34
Repairs and maintenance - Others	53.97	44.32
Maintenance and upkeep	48.36	38.68
Advertising / Sales promotion	37.04	29.58
Travelling and Conveyance Expenses	53.33	56.97
Hire Charges	14.28	10.04
Legal Expenses	54.23	123.68
Consultancy / Professional fees	51.82	43.56
Bank and credit card charges	15.05	10.96
Postage, telephone etc.	7.51	8.05
Printing and Stationery	8.98	7.15
Information Technology Services	38.58	28.50
Bad debts & Advances written off	3.18	0.75
Provision for bad and doubtful debts & Advances	2.18	7.60
Net loss on property, plant and equipment sold and written off	–	35.44
Auditors remuneration and expenses*	15.18	15.67
Miscellaneous expenses	16.32	11.69
Total	1,257.79	1,230.76
* Auditors remuneration and expenses (excluding taxes):		
- Audit fees	12.50	12.50
- Tax audit fees	2.00	2.50
- Fees for other services	0.30	0.42
- Reimbursement of expenses	0.38	0.25
	15.18	15.67

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
20. Earnings per share		
Earnings per share has been computed as under:		
(a) Profit for the year (₹ in lakhs)	284.89	311.25
(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	0.10

	As at 31st March, 2020	As at 31st March, 2019
21. Contingent liabilities and commitments :		
(a) Claims against the Company not acknowledged as debts :		
(i) Income tax matters*	–	2,662.65
(ii) Legal cases	11.64	10.42
(iii) Entertainment duty demand raised by Excise department	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.

* The above represents Income Tax matters of Nil (Previous Year ₹ 2,662.65 lakhs) for Assessment Year 2005-06. These matters have been decided in favor of the Company by the Hon'ble Income Tax Appellate Tribunal during the year.

(b) Outstanding capital commitments:		
Estimated value of contracts in capital account remaining to be executed	38.35	53.29

Notes to the Financial statements (Contd.)

(₹ in lakhs)

22. Micro, Small and Medium Enterprises Details relating to Micro, Small and Medium Enterprises is disclosed below:-	As at 31st March, 2020	As at 31st March, 2019
(a) The principal amount and the interest due thereon remaining unpaid to any supplier;*	–	63.59
(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.

23. Disclosures in respect of leases

Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – "Leases" effective 1st April 2019, The company has adopted Ind AS 116 using modified retro-spective method, wherein the Company has elected to apply the standard to contracts that were previously identified as leases applying Ind AS 17, "Leases". Accordingly, the comparatives for the previous financial year have not been retrospectively adjusted. The Company has evaluated and there is no material impact on the financial statements resulting from the implementation of this standard.

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:

(₹ in lakhs)

Particulars	31st March, 2020
Expense relating to short-term leases	13.50
Expense relating to leases of low-value assets	–
Total cash outflow for leases	12.74
Lease liabilities payable - Not later than a year	7.94

b. Company as Lessor:

i) Leasing arrangements that existed during the year are in respect of agreement with ITC Limited, 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 on 31st March 2020	
	Gross Block	Net Block
Land	100.00	100.00
Building	13,317.01	12,256.12
Plant & Machinery	152.02	103.06
Furniture and Fixtures	19.42	7.55

24. Disclosure required under Indian Accounting Standard (Ind AS) 19

a) Defined Benefit Plans - As per actuarial Valuations as on 31st March 2020 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, 2020 Gratuity Unfunded	For the year ended 31st March, 2019 Gratuity Unfunded
I	**Components of Employer Expense Recognised in Profit or Loss**		
1	Current Service Cost	**8.74**	7.81
2	Net Interest Cost	**4.21**	3.58
3	**Total expense recognised in the Statement of Profit and Loss**	**12.95**	11.39
	Re-measurements recognised in Other Comprehensive Income		
4	Effect of changes in demographic assumptions	–	(0.00)
5	Effect of changes in financial assumptions	**4.86**	-
6	Effect of experience adjustments	**(2.31)**	(1.48)
7	**Total re-measurements included in Other Comprehensive Income**	**2.55**	(1.48)
8	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (3+7)**	**15.50**	9.91

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, 2020 Gratuity	As at 31st March, 2019 Gratuity
II	**Net Asset/(Liability) recognised in Balance Sheet**		
1	Present Value of Defined Benefit Obligation (DBO)	**70.93**	56.99
2	Fair value of plan assets	–	-
3	Net defined benefit liability (asset)	**70.93**	56.99
	- Current	**6.57**	5.94
	- Non current	**64.36**	51.05

		For the year ended 31st March, 2020 Gratuity	For the year ended 31st March, 2019 Gratuity
III	**Change in Defined Benefit Obligation (DBO)**		
1	Present Value of DBO at the beginning of the year	**56.99**	48.57
2	Current Service Cost	**8.74**	7.81
3	Interest Cost	**4.21**	3.58
	Remeasurement gains / (losses):		
4	Effect of changes in demographic assumptions	–	(0.00)
5	Effect of changes in financial assumptions	**4.86**	-
6	Effect of experience adjustments	**(2.31)**	(1.48)
7	Benefits Paid	**(1.56)**	(1.49)
8	**Present Value of DBO at the end of the year**	**70.93**	56.99
IV	**Actuarial Assumptions**	**Gratuity**	Gratuity
1	Discount Rate (%)	**6.25%**	7.50%
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.

		Gratuity	Gratuity
V	**Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)**		
1	Present Value of Defined Benefit Obligation	**(70.93)**	(56.99)
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: ₹ 28.49 lakhs (2019 - ₹ 23.80 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 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.

(₹ in lakhs)

		Sensitivity analysis - Gratuity	
VII	**Sensitivity analysis - DBO end of year**	**DBO as at 31st March, 2020**	DBO as at 31st March, 2019
1	Discount Rate + 100 basis points	**66.62**	53.74
2	Discount Rate - 100 basis points	**75.77**	60.61
3	Salary Increase Rate + 1%	**75.31**	60.30
4	Salary Increase Rate – 1%	**66.94**	53.96
5	Attrition Rate + 1%	**70.50**	56.90
6	Attrition Rate - 1%	**71.41**	57.08

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) Regulations, 2014.

ITC ESAR:

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

(ii) The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

(iii) In accordance with Ind AS 102, an amount of ₹ 28.92 lakhs (2019: ₹ 71.78 lakhs) towards ITC ESOS and ₹-4.26 lakhs (2019 : ₹ 6.58 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, ₹ 22.02 lakhs (2019: ₹ 70.46 lakhs) is attributable to key management personnel [Mr. B. Hariharan ₹ 18.00 lakhs (2019 : ₹ 58.45 lakhs); and Mr. Ravi Khyani ₹ 4.02 lakhs (2019 : ₹ 12.01 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, 2020 No. of Options	As at 31st March, 2019 No. of Options
No. of Options Outstanding at the beginning of the year	1,21,278	1,38,205
Options Granted during the year	–	–
Effects of Corporate Action (Bonus)	–	–
Options Forfeited / Surrendered during the year	–	–
Options due to transfer in and transfer out	–	15,910
Options Exercised during the year	6,500	32,837
Number of options Outstanding at the end of the year	1,14,778	1,21,278
Number of Options exercisable at the end of the year	1,08,347	1,02,798
Options Vested and Exercisable during the year	12,049	21,071

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. 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.

27. Other Financial non current Liabilities include ₹ 3,016.46 lakhs (Previous year ₹ 3,041.12 lakhs) as deposits received from individuals towards golf memberships and ₹ 178.75 lakhs (Previous year ₹ 159.75 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.

Other Financial current liabilities ₹ 45.96 lakhs (Previous year ₹ 25.46 lakhs) received from Corporates towards Golf Memberships.

28. Accounting for Taxes on Income:

Components of deferred tax asset / liability are:

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred tax assets		
On Unabsorbed depreciation	2,573.69	2,132.77
On Unabsorbed business loss	1.89	1.89
Other timing differences	55.78	26.56
Deferred tax liabilities		
Depreciation	(1,699.87)	(1,507.63)
Net Deferred Tax Asset	931.49	653.59

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 2020 has not been recognized in the books of accounts.

29. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

30. 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.)

31. 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. B. Hariharan	Managing Director
Mr. Jagdish Singh	Non-Executive Director
Ms. Ratna Chadha	Non-Executive Director
Mr. Ravi Khyani	Chief Financial Officer

(iii) **Other Related Parties with whom the Company had transactions :**

Associate — International Travel House Limited

(iv) **Disclosure of Transactions Between the Company and Related Parties**

(₹ in Lakhs)

	RELATED PARTY TRANSACTIONS SUMMARY	Holding Company		Associates		Key Management Personnel		Total	
		2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
1	Sale of Services#	**102.29**	130.99	–	–	**1.50**	1.72	**103.79**	132.71
2	Purchase of Goods#	**0.68**	–	–	–	–	–	**0.68**	–
3	Purchase of Fixed Assets#	**99.67**	–	–	–	–	–	**99.67**	–
4	Purchase of Services#	**15.49**	33.77	**2.18**	1.58	–	–	**17.67**	35.35
5	Recovery of Contractual Remuneration	**5.38**	40.66	–	–	–	–	**5.38**	40.66
6	Expenses Recovered	**94.31**	402.34	–	–	–	–	**94.31**	402.34
7	License Fees Received#	**531.00**	531.00	–	–	–	–	**531.00**	531.00
8	Expenses Reimbursed**	**350.27**	231.46	–	–	–	–	**350.27**	231.46
9	Director Sitting Fee	–	–	–	–	**0.90**	1.10	**0.90**	1.10
10	**Share based payments**								
	Equity Settled Share Based Payments	**28.92**	71.78	–	–	–	–	**28.92**	71.78
	Cash Settled Share Based Payments	**(4.26)**	6.58	–	–	–	–	**(4.26)**	6.58

	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 *	**2020**	2019
	Short term benefits	**128.67**	106.94

* 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 ₹ 232.79 lakhs (Previous Year ₹ 178.81 lakhs). This includes salary paid to Key management personnel of ₹ 137.78 lakhs (Previous year ₹ 113.90 lakhs).

\# Includes GST

(v) **DISCLOSURE OF THE STATUS OF OUTSTANDING BALANCES**

(₹ in Lakhs)

	RELATED PARTY TRANSACTIONS SUMMARY	Holding Company		Associates		Key Management Personnel	
		2020	2019	**2020**	2019	**2020**	2019
1	Payables	**33.81**	18.79	**0.24**	–	–	–
2	Receivables	**3.12**	–	–	–	–	–

Notes forming part of the Financial statements (Contd.)

32. Financial Instruments and Related Disclosures

1. Capital Management

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustained stakeholder value. The Company funds its operations through internal accruals. The Company aims at maintaining adequate supply of funds towards future growth of its businesses as a going concern.

2. Categories of Financial Instruments (₹ in Lakhs)

Particulars	Note	As at 31st March, 2020		As at 31st March, 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	10	**116.13**	**116.13**	65.26	65.26
ii) Other bank balances	11	**1,573.99**	**1,573.99**	1,384.29	1,384.29
iii) Trade receivables	9	**56.49**	**56.49**	55.70	55.70
iv) Other financial assets	5	**635.75**	**635.75**	59.62	59.62
Sub - total		**2,382.36**	**2,382.36**	**1,564.87**	**1,564.87**
b) Measured at Fair value through Profit & Loss					
- Investments in Mutual Funds	8	–	–	919.66	919.66
Sub - total		–	–	**919.66**	**919.66**
c) Measured at Fair value through Other Comprehensive Income					
- Equity shares	4	**0.00**	**0.00**	0.00	0.00
Sub - total		**0.00**	**0.00**	**0.00**	**0.00**
Total financial assets		**2,382.36**	**2,382.36**	**2,484.53**	**2,484.53**
B. Financial liabilities					
a) Measured at amortised cost					
(i) Trade Payables		**209.81**	**209.81**	328.34	328.34
(ii) Other financial liabilities	13	**3,225.75**	**3,225.75**	3,211.00	3,211.00
Sub - total		**3,435.56**	**3,435.56**	**3,539.34**	**3,539.34**
b) Derivatives measured at fair value					
- Derivative instruments not designated as hedging instruments	13	–	–	1.45	1.45
Sub - total		–	–	**1.45**	**1.45**
Total financial liabilities		**3,435.56**	**3,435.56**	**3,540.79**	**3,540.79**

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 ₹ 1,968.17 lakhs (2019 - ₹ 2,700.76 lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 1,690.12 lakhs (2019 - ₹ 2,369.21 lakhs) against an aggregate Current liability of ₹ 675.26 lakhs (2019 - ₹ 735.62 lakhs); Non-current liabilities due between one year to three years amounting to ₹ 95.95 lakhs (2019 - ₹ 131.37 lakhs) and Non-current liability due after three years amounting to ₹ 81.26 lakhs (2019 - ₹ 31.33 lakhs) on the reporting date.

Further, the Company's total equity stands at ₹ 23,672.79 lakhs (2019 - ₹ 23,390.45 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 ₹ 2,266.71 lakhs (2019 - ₹ 1,385.90 lakhs). Thus, counter party risk attached to such assets is considered to be insignificant.

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 ₹ 56.49 lakhs (2019 – ₹ 55.70 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 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 schemes in which the Company has invested, such price risk is not significant.

Notes forming part of 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 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.

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, 2020	As at 31st March, 2019
A. Financial assets			
a) Measured at amortised cost			
- Others financial assets	3	623.33	-
b) Measured at Fair value through Profit & Loss			
- Investments in Mutual Funds	1	-	919.66
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)		**623.33**	**919.66**
B. Financial liabilities			
a) Measured at amortised cost			
- Other financial liabilities	**3**	**3,136.78**	**3,150.17**
b) Derivatives measured at fair value			
- Derivative instruments not designated as hedging instruments	**2**	-	1.45
Total financial liabilities (a+b)		**3,136.78**	3,151.62

33. Other Disclosures in respect of Revenue from sale of services:

a) In respect of advance membership fees collected from Corporate and tenure members:

i) the performance obligations is usage of the services of the club and its facilities over the period of membership ranging from 1 to 5 years. The Company adopts the output method and recognises revenue over the duration of the membership. 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, 2020	As at 31st March, 2019
0 to 1 years	268.27	249.19
1 to 3 years	273.00	265.40
3 to 5 years	78.93	72.46

b) In respect of all other contracts with customers, revenue recognition and performance obligations are generally simultaneous and control is transferred either over time or at a point in time depending on the nature of the terms agreed with the customer.

34. Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, and Companies (Indian Accounting Standards) Second Amendment Rules, 2019; both on 30th March, 2019 notifying:

(i) new Standard Ind AS 116 “Leases” effective 1st April, 2019 and

(ii) certain amendments relating to income tax consequences of dividend and uncertainty over income tax treatments in Ind AS 12 “Income Taxes”.

There has been no material impact on the financial statements resulting from the implementation of these changes.

35. The financial statements were approved for issue by the Board of Directors on 8th June, 2020.

On behalf of the Board

N. Anand	Chairman
Jagdish Singh	Director
Ravi Khyani	Chief Financial Officer
Rucche Siingh	Company Secretary

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

Your Board of Directors ('the Board') hereby submit their Report for the financial year ended 31st March, 2020.

OPERATING ENVIRONMENT

The Company's leadership in production of early generation seed potatoes and strength in agronomy continues to support the Bingo! range of potato chips of your Company and in servicing the seed potato requirements of the farmer base of your Company's Agri Business.

Due to a bumper crop during the year, potato prices remained subdued till September 2019. However, prices started to rise sharply in the second half of the year, on account of subdued Kharif crop as well as a delay in the early Rabi crop, due to heavy rains and an extended monsoon. The company leveraged the strength of its brand, superior product quality, better on-field performance and strong trade and customer relationships to increase its Revenue from Operations to ₹ 202.26 crores (previous year ₹ 160.26 crores) during the year with Net Profit also increasing to ₹ 20.34 crores (previous year ₹ 8.20 crores). Total Comprehensive Income for the year stood at ₹ 20.26 crores (previous year ₹ 8.23 crores).

During the later part of the year, along with the Global and Indian economy, your Company has also been impacted by the COVID-19 pandemic in various ways. However, laid down Systems and Processes have enabled seamless Work From Home (WFH) for all key Employees and Functions. Cyber Security related WFH guidelines have been circulated to key stakeholders and antivirus updates on all company provided equipment was ensured. This has aided your Company's ability to mitigate supply chain constraints to a large extent and will facilitate restoration of normalcy in operations.

SEEDS BUSINESS

(a) Growing of TECHNITUBER® Seed Potatoes

During the year under review, your Company harvested 161.80 lakhs TECHNITUBER® seed potatoes (previous year: 133.82 lakhs) at its facility in Manpura, Himachal Pradesh. Considering increase in demand for TECHNITUBER® seed, the Company added four more green houses in October, 2019 to the existing sixteen green houses, resulting in higher production.

(b) Field agricultural operations

Frequent and heavy rains during November 2019, and the harvest period of February / March 2020 impacted the Seed Potato Crop. Till 31st March, 2020, your Company harvested 74,290 MT of early generation seed potatoes (previous year: 79,440 MT). Including the crop in the field, the final harvest is expected to be around 77,750 MT. Your Company continued to trial and introduce new varieties of potatoes that improve farm yields and augment farmer incomes on one hand, while supporting the requirements of the processing industry on the other. Your Company also continued to promote farm & storage mechanisation and showcase the latest technology to farmers in the said areas.

Your Company is exposed to the inherent risk of crop losses due to weather conditions and diseases. The Company seeks to address these risks by widening the geographical spread of farms and farmers, coupled with the use of multiple varieties of crop that carry resistance traits to frost, blight, rotting and so on.

(c) Marketing

Your Company sold 69,068 MT of early generation seed potatoes as against 66,850 MT in the previous year. TECHNITUBER® seed potato exports were lower at 11.73 lakhs vs. 27.57 lakhs in the previous year, since local demand was very strong.

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 proprietary technology, package of agronomy practices and farmer relationships, and by diversifying the geographies in which it operates.

However, 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, fueled by its superior technology and the expertise of its contract farmers and employees.

FRUITS AND VEGETABLES BUSINESS

Your Company has been building capabilities for sourcing fruits and vegetables, specially potatoes, onions and apples, from its farmer base and supplying to processors and retailers. This business has started scaling up in the NCR region and the Company has also started providing back-end sourcing support to the 'Farmland' brand of potatoes and apples launched by its parent company.

FINANCIAL PERFORMANCE

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

(₹ in lakhs)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profits		
a. Profit Before Tax	3,245.81	847.06
b. Less : Tax Expense	1,212.04	27.56
c. Profit After Tax	2,033.77	819.50
d. Add : Other Comprehensive Income / (Loss)	(7.69)	3.50
e. Total Comprehensive Income	2,026.08	823.00

DIVIDEND & RETAINED EARNINGS

During the year under review, Interim Dividend of ₹ 4/- per Equity Share, aggregating ₹ 1,518.51 lakhs, was declared by your Directors on 12th March, 2020, out of the profits of the Company for payment to the Members whose names appeared in the Register of Members on the aforesaid date. The said Interim Dividend has been recommended by your Directors as the Final Dividend for the financial year ended 31st March, 2020.

The movement in Retained Earnings is summarised below:

(₹ in lakhs)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Retained Earnings		
a. At the beginning of the year	3,776.87	2,953.87
b. Add : Profit for the year	2,033.77	819.50
c. Add : Other Comprehensive Income / (Loss)	(7.69)	3.50
d. Less: Interim Dividend paid	1,518.51	–
e. Less: Income Tax on Interim Dividend	312.13	–
f. At the end of the year	3,972.31	3,776.87

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Changes in Directors and Key Managerial Personnel during the year

As you are aware, at the 20th Annual General Meeting ('AGM') held on 11th June, 2019 Mr. Sachidanand Shivprakash Madan (DIN: 00419076) was re-appointed as a Wholetime Director of the Company with effect from 1st June, 2019 and Mr. Dharmarajan Ashok (DIN: 02009735) was appointed as a Non-Executive Director of your Company with effect from 11th June, 2019.

During the year under review, there was no change in the composition of the Board and the Key Managerial Personnel of your Company.

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('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 AGM of the Company, and being eligible, offer themselves for re-election. Your Board has recommended their re-election.

(b) Board Evaluation

The Board carried out annual performance evaluation of its own performance and that of the individual Directors as also functioning of the CSR Committee, as required under Section 134 of the Act, based on the criteria approved by the Board. The Chairman of the CSR Committee placed before the Board, report on functioning of the Committee during the year.

BOARD AND BOARD 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

Six meetings of the Board were held during the year ended 31st March, 2020.

DIRECTOR'S 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 the Company's financial and accounting policies, systems and processes, provide the 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. 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 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 ensure that such systems are reinforced on an ongoing basis.

RISK MANAGEMENT

The Risk Management Policy of the Company, as approved by the Board, is designed to assess, mitigate and monitor risks arising out of the overall strategy of the 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 contract farmers on the 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 the still unfolding 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

The Company does not have any subsidiary, associate or joint venture.

PARTICULARS OF EMPLOYEES

The details of employee(s) drawing 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 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.

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 2** to this Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2020, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

RELATED PARTY TRANSACTIONS

The details of material related party transactions of the Company 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 the Company and its future operations.

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.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 4** to this Report.

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 2020-21. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

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.

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.

On behalf of the Board

S. Sivakumar
Chairman

Dated : 9th June, 2020

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2020

[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
Sachidanand S. Madan *	61	Wholetime Director & Company Secretary	1,64,59,329./-	79,28,994/-	B.Com. (Hons.), A.C.A., A.C.S.	38	01.04.2012	Russell Credit Limited - on deputation to Technico Agri Sciences Limited
S. Pal Singh *	58	Vice President - Agronomy	78,09,087/-	44,14,646/-	M.Sc. (Agronomy)	34	01.04.2012	Russell Credit Limited - on deputation to Technico Agri Sciences Limited
N. K. Jha *	44	Head - Sales, Marketing & New Business	60,53,651/-	38,91,669/-	M.Sc. (Agriculture), M.S. (IT in Agriculture), M.B.A. (Marketing)	16	16.08.2007	Reliance Retail Limited - State Head - Planning & MIS
Sanjeev Madan	54	Chief Financial Officer	48,16,481/-	33,07,358/-	B.Com. (Hons.), F.C.A.	28	01.08.2005	Saboo Coatings Ltd. - Chief Finance Officer
A. Aggarwal	41	Deputy General Manager - Finance	24,72,047/-	18,07,322/-	B.Com., A.C.A.	18	03.03.2006	Satyam Computer Services Ltd. - Sr. Associate
R. Singh	49	Deputy General Manager - Facility	21,83,664/-	17,18,179/-	M.Sc. (Agriculture)	25	15.05.2000	Salora Floritech Ltd. - Horticulturist
T. Pant	53	Deputy General Manager – Agronomy	21,32,061/-	16,43,725/-	M.Sc. (Agriculture)	25	01.08.2001	Indomint Agriproducts Pvt. Ltd. - Area Manager
S. Manjkhola	46	Manager - Facility	16,85,496/-	13,41,350/-	M.Sc. (Env. Science), Ph.D.	21	02.07.2007	Reliance Retail Limited - Dy. Manager
S. Dua **	39	Head - F&V (North)	14,65,252/-	11,72,631/-	B.Sc. (Hons.) (Agriculture), PGD -ABPM	16	01.05.2017	INI Farms Pvt. Ltd. - Asstt. General Manager - Sales
Mahavir Singh	50	Manager – Sales & Marketing	12,09,316/-	10,28,176/-	B.Sc. (Hons) (Agriculture)	24	01.07.2003	Hyderabad Chemicals Limited - Sales Officer)

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

** Resigned with effect from 31st December, 2019.

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. Certain employees (including deputed employees) 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) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to 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 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

Dated : 9th June, 2020

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, 2020

[Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1.	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken		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. The Company undertakes its CSR activities: • as listed in Schedule VII to the Companies Act, 2013 (the Act)and as approved by the CSR Committee; • directly or through a registered trust or a registered society or a company established under Section 8 of the Act; or to the corpus of a registered trust or a registered society or a company covered 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 related 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. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2.	Present Composition of the CSR Committee		Mr. S. Sivakumar (Chairman) Mr. D. Ashok Mr. Sachidanand S. Madan
3.	Average net profits of the Company for last 3 financial years		₹ 302.27 lakhs
4.	Prescribed CSR expenditure (2% of the amount stated under 3 above)		₹ 6.05 lakhs
5.	Details of CSR spent during the financial year:	a) Total amount to be spent for the financial year	₹ 6.10 lakhs
		b) Amount unspent, if any	Nil

c) Manner in which the amount spent during the financial year is detailed below :

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs Sub-heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Contribution to the corpus of ITC Education Trust	Promoting Education [covered under Clause (ii) of Schedule VII to the Companies Act, 2013]	N.A.	₹ 6.10 lakhs	₹ 6.10 lakhs	₹ 6.10 lakhs	Implementing Agency - ITC Education Trust, Kolkata

The CSR Committee of the Board has confirmed that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

On behalf of the Board

Sachidanand S. Madan
Whole Time Director

S.Sivakumar
Chairman

Dated : 9th June, 2020

Annexure 3 to the Report of the Board of Directors for the financial year ended 31st March, 2020

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, 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, 2019 to 31st March, 2020
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	The Company sold potatoes and fruits & vegetables to ITC having aggregate sale value of ₹ 4,097.08 lakhs
e)	Date(s) of approval by the Board, if any	19th March, 2019 and 12th March, 2020
f)	Amount paid as advances, if any	Nil

On behalf of the Board

Dated : 9th June, 2020 S. Sivakumar *Chairman*

Annexure 4 to the Report of the Board of Directors

FORM NO. MGT-9

Extract of Annual Return

as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U01111DL1999PLC098646
ii)	Registration Date	:	3rd March, 1999
iii)	Name of the Company	:	Technico Agri Sciences Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	25, Community Centre Basant Lok, Vasant Vihar New Delhi – 110 057 Phone: 011 - 4601 5209 Fax: 011 - 2614 5372 e-mail ID: technico@technituberindia.com
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Zuari Finserv Limited Corporate one, First Floor 5 Commercial Centre, Jasola New Delhi – 110 025 Phone: 011 - 4658 1300 e-mail ID: rta@adventz.zuarimoney.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	Sale of Biological Assets	01135	69%
2.	Sale of Fruits and Vegetables	46301	31%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House, 37 Jawaharlal Nehru Road, Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) **Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	3,79,62,794	6	3,79,62,800	100.00	3,79,62,794	6	3,79,62,800	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	–	–	–	–	–	–	–	–	N.A.
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	–	–	–	–	–	–	–	–	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	**N.A.**
Grand Total (A+B+C)	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**3,79,62,794**	**6**	**3,79,62,800**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	3,79,62,800	100.00	Nil	3,79,62,800	100.00	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Promoter's Shareholding during the year				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: Nil

VI. VI.REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and/or Manager:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Sachidanand S. Madan (Wholetime Director and Company Secretary) *(refer Note 1)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	139.28
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	18.35
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total Amount (A)		**157.63**
Ceiling as per the Companies Act, 2013		**> ₹ 84 lakhs per annum** *(refer Note 2)*

Note 1: Mr. Sachidanand S. Madan is on deputation from ITC Limited (ITC). He has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / 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. Further, the appointment of Mr. Madan 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.

Note 2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2020 are inadequate.

B. Remuneration to other Directors:

(₹ in Lakhs)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	S. Sivakumar	Nil	Nil	Nil	Nil
	D. Ashok				
	S. Ganesh Kumar				
	D. McDonald				
	Total Amount (B)(2)				
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**157.63**
Overall ceiling as per the Companies Act, 2013					**> ₹ 84 lakhs per annum** *(Refer Note)*

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2020 are inadequate.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Mr. Sanjeev K. Madan (Chief Financial Officer) *(refer Note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	44.21
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.36
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total Amount		**44.57**

Note: Mr. Sanjeev Madan has been granted Stock Options by ITC Limited 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) Regulations, 2014]. Since such Options are not tradeable, no perquisite or benefit is conferred upon him by grant of such Options, and accordingly the said grant has not been considered as remuneration.

VII. VII.PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013 : None

On behalf of the Board

S. Sivakumar
Chairman

Dated : 9th June, 2020

<u>**Annexure 5 to the Report of the Board of Directors for the financial year ended 31st March, 2020**</u>

<u>**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**</u>

i. <u>Conservation of Energy</u>

The 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 the Company's operations is quite small. Some of the measures adopted include:

1. 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, the 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 contract farmers, enhancing farm yields etc. In order to further leverage its tissue culture capabilities, your Company has undertaken trial production of banana tissue culture plantlets at a third party facility and is presently marketing the same in select States on a test basis.

iii. Technology Absorption, Adaptation and Innovation - Not Applicable

iv. Foreign Exchange Earnings and Outgo (₹ in lakhs)

Foreign Exchange Earnings	:	73.60
Foreign Exchange Outgo	:	13.87

On behalf of the Board

S. Sivakumar
Chairman

Dated : 9th June, 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TECHNICO AGRI SCIENCES LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Technico Agri Sciences Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, 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, 2020, 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.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors 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 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.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2019, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on April 26, 2019.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 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 Ind AS financial statements – Refer Note 31 to the Ind AS financial statements;

ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2020.

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

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 20095169AAAABK8462
Place of Signature: Gurugram
Date: June 9, 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the financial statements of Technico Agri Sciences Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(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) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company, as disclosed in Note 3.1 on Property, plant and equipment to the financial statements, except for Freehold Land amounting to INR 3.28 lakhs as at March 31, 2020.

(ii) The inventories and biological assets except lying with third parties have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories and biological assets lying with third parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, 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 provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-taxon account of any dispute, are as follows:

Name of the statute	Nature of dues	Period to which the amount relates	Amount involved (₹ in Lakhs)	Forum where dispute is pending
Income tax Act, 1961	Income tax demand	Assessment Year 2012-2013	235.30	Income Tax Appellate tribunal
Income tax Act, 1961	Income tax demand	Assessment Year 2013-2014	496.82	Commissioner of Income tax (appeals)
Income tax Act, 1961	Income tax demand	Assessment Year 2014-2015	537.63	Commissioner of Income tax (appeals)
Income tax Act, 1961	Income tax demand	Assessment Year 2016-2017	1,066.85	Commissioner of Income tax (appeals)

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to any bank during the year. The Company does not have any outstanding loans or borrowing or dues in respect of a financial institution or bank or to Government or dues to debenture holders as at balance sheet date.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans. Hence, reporting under clause (ix) is not applicable to the Company and not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) 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, transactions with the related parties are in compliance with section 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) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) 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.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 20095169AAAABK8462
Place of Signature: Gurugram
Date: June 9, 2020

Annexure 2 to the Independent Auditors' 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, 2020 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 (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, 2020, 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 Sanjay Vij
Partner
Membership Number: 095169
UDIN: 20095169AAAABK8462
Place of Signature: Gurugram
Date: June 9, 2020

BALANCE SHEET AS AT 31 MARCH 2020

(Amount in ₹ lakhs)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3.1	**1033.72**	877.39
(b) Intangible assets	3.2	**2.45**	3.05
(c) Right-of-use assets	3.3,33	**188.92**	–
(d) Financial assets			
– Other financial assets	6	**10.03**	9.38
(e) Deferred tax assets (Net)	7	**431.93**	291.83
(f) Other non-current assets	8	**12.70**	130.97
Total non-current assets		**1679.75**	1312.62
Current assets			
(a) Inventories	9	**2613.41**	1405.84
(b) Biological assets other than bearer plants	4	**8393.42**	8160.32
(c) Financial assets			
(i) Investments	5	**2750.15**	1301.89
(ii) Trade receivables	10	**60.38**	435.63
(iii) Cash and cash equivalents	11	**95.73**	204.98
(iv) Other financial assets	6	**6.00**	6.74
(d) Other current assets	8	**217.41**	226.23
Total current assets		**14136.50**	11741.63
Total assets		**15816.25**	13054.25
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	3796.28	3796.28
(b) Other equity	13	3972.31	3776.87
Total equity		**7768.59**	7573.15
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
- Lease liabilities	33	**182.22**	–
- Other financial liabilities	16	**8.43**	13.52
(b) Provisions	14	**22.11**	12.64
Total non-current liabilities		**212.76**	26.16
Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	33	**20.40**	–
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	15	**80.27**	–
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	15	**5319.98**	3879.26
(iii) Other financial liabilities	16	**174.21**	118.72
(b) Contract liabilities	17	**994.05**	1371.13
(c) Other current liabilities	18	**38.08**	40.52
(d) Liabilities for current tax (net of advance income tax including TDS recoverable)		**1153.32**	–
(e) Provisions	14	**54.59**	45.31
Total current liabilities		**7834.90**	5454.94
Total liabilities		**8047.66**	5481.10
Total equity and liabilities		**15816.25**	13054.25

The accompanying notes 1 to 44 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

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

Sanjay Vij
Partner
Membership no.: 095169

S. Sivakumar
Chairman

Sachidanand S. Madan
Director and Company Secretary

Sanjeev K. Madan
Chief Financial Officer

Date: 9 June, 2020

Date : 9 June, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Amount in ₹ lakhs)

	Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
I	Revenue from operations	19	20226.06	16025.83
II	Other income	20	277.11	235.03
III	**Total Income (I+II)**		20503.17	16260.86
IV	**Expenses**			
	Cost of raw material and components consumed	21	1024.79	946.54
	Purchases of stock-in-trade and biological assets	22	5993.56	4760.03
	Changes in inventories of finished goods, stock-in-trade and biological assets	23, 4	(1462.89)	(91.38)
	Employee benefits expense	24	1075.11	1015.76
	Finance costs	25	70.42	80.33
	Depreciation and amortisation expense	26	140.60	105.00
	Other expenses	27	10415.77	8597.52
	Total expenses (IV)		17257.36	15413.80
V	**Profit before tax (III-IV)**		3245.81	847.06
VI	**Tax expenses :**			
	(1) Current tax	28	1351.86	(33.38)
	(2) Deferred tax	7, 28	(139.82)	60.94
	Total tax expenses		1212.04	27.56
VII	**Profit for the year (V-VI)**		2033.77	819.50
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	– Remeasurements of net defined benefit liability	34	(7.97)	3.62
	(ii) Tax relating to items that will not be reclassified to profit or loss	28.2	0.28	(0.12)
	Total other comprehensive income/(loss) (i + ii)		(7.69)	3.50
IX	**Total comprehensive income for the year (VII+VIII)**		2026.08	823.00
	Earnings per share (in ₹) [(Face value ₹ 10 each (31 March 2019 : ₹ 10)]	29		
	(1) Basic		5.36	2.16
	(2) Diluted		5.36	2.16

The accompanying notes 1 to 44 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

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

Sanjay Vij
Partner
Membership no.: 095169

S. Sivakumar
Chairman

Sachidanand S. Madan
Director and Company Secretary

Sanjeev K. Madan
Chief Financial Officer

Date: 9 June, 2020

Date : 9 June, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from operating activities		
Profit before tax	3245.81	847.06
Adjustments for :		
Depreciation and amortization expense and Right-of-use assets	140.60	105.00
Provision for doubtful debts	1.40	–
Loss on disposal of property, plant and equipment	2.25	–
Unrealized foreign exchange loss	–	0.56
Gain on sale of current investments	(160.56)	(119.00)
Gain on fair value measurement of investments	(0.15)	(1.89)
Interest expense	70.42	80.33
Interest income	(1.71)	(0.08)
Provisions/Liabilities written back to the extent no longer required	(1.03)	(1.94)
Operating profit before changes in working capital	3297.03	910.04
Changes in operating assets and liabilities		
(Increase)/decrease in trade receivables	373.85	(286.96)
(Increase)/decrease in inventories	(1207.57)	(577.45)
(Increase)/decrease in biological assets other than bearer plants	(233.10)	494.33
(Increase)/decrease in other financial assets	0.15	(6.41)
Decrease/(increase) in other non-current assets	0.17	(0.73)
(Increase)/decrease in other current assets	8.82	(72.95)
Increase/(decrease) in trade payables	1522.03	1433.73
Increase/(decrease) in provisions	10.78	1.88
Increase/(decrease) in other financial liabilities	41.28	23.28
Increase/(decrease) in other current liabilities	(379.53)	489.25
Increase/(decrease) in right to return asset and prepayments	(35.15)	–
Cash generated from operations	3398.76	2408.01
Taxes paid (Including TDS recoverable)	(83.45)	(26.31)
Net cash inflow from operating activities (A)	3315.31	2381.70
Cash flows from investing activities		
Payments for property, plant and equipment	(265.38)	(24.39)
Payments for purchase of investments	(27295.00)	(21980.00)
Proceeds from sale of investments	26007.45	20799.00
Proceeds from sale of property, plant and equipment	7.57	–
Interest received	1.68	0.05
Net cash (outflow) from investing activities (B)	(1543.68)	(1205.34)
Cash flows from financing activities		
Interest paid	(50.24)	(79.00)
Interim dividends paid to holding company	(1518.51)	–
Proceeds/(Repayment) from borrowings	–	(1056.28)
Dividends distribution tax on interim dividend	(312.13)	–
Net cash (outflow) from financing activities (C)	(1880.88)	(1135.28)
Net increase in cash and cash equivalents (A+B+C)	(109.25)	41.08
Cash and cash equivalents at the beginning of the financial year	204.98	163.90
Cash and cash equivalents at end of the year (Refer Note 11)	95.73	204.98
Cash and cash equivalents as per above comprise of the following		
(a) Balances with Banks		
– In current account	95.73	200.57
(b) Drafts on hand	–	4.21
(c) Cash on hand	0.00	0.20
Total Cash and cash equivalents (Refer Note 11)	95.73	204.98

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 44 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

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

Sanjay Vij
Partner
Membership no.: 095169

S. Sivakumar
Chairman

Sachidanand S. Madan
Director and Company Secretary

Sanjeev K. Madan
Chief Financial Officer

Date: 9 June, 2020

Date : 9 June, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

A. Equity Share Capital

(Amount in ₹ lakhs)

Balance at 1 April 2018	Changes in equity share capital during the year	Balance at 31 March 2019	Changes in equity share capital during the year	**Balance at 31 March 2020**
3796.28	–	3796.28	–	**3796.28**

B. Other Equity

(Amount in ₹ lakhs)

Particulars	Retained Earnings
Balance as at 1 April 2018	**2953.87**
- Profit for the Year	819.50
- Other comprehensive income (net of tax)	3.50
Total comprehensive income	**823.00**
Transactions with owners in their capacity as owners :	
Interim dividend paid	–
Income tax on interim dividend paid	–
Balance as at 31 March 2019	**3776.87**
- Profit / (Loss) for the Year	2033.77
- Other comprehensive income (net of tax)	(7.69)
Total comprehensive income	**2026.08**
Transactions with owners in their capacity as owners :	
Interim dividend paid	(1518.51)
Income tax on interim dividend paid	(312.13)
Balance as at 31 March 2020	**3972.31**

The accompanying notes 1 to 44 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

Sanjay Vij
Partner
Membership no.: 095169

Date: 9 June, 2020

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
Chairman

Sachidanand S. Madan
Director and Company Secretary

Sanjeev K. Madan
Chief Financial Officer

Date : 9 June, 2020

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 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

The 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 are also 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 realizable 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 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 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.

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 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. Freehold land is not depreciated.

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

Buildings	30-60 Years
Building Improvements on Licensed Properties	Shorter of lease 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.

The recoverable amount is the higher of the 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 of cash generating unit and from its disposal at the end of its useful life.

The 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, 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.

l. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. In the event that the proceeds have been drawn down or is likely to be drawn down in its entirety, any difference between the proceeds (net of transaction costs, including fees paid on establishing the loan facility) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. To the extent that it is probable that some or all of the facility will not be drawn down, the fee is capitalised as prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

m. Employee Benefits

(i) **Provident Fund and Employee State Insurance Scheme:** Contribution towards provident fund and employee state insurance scheme for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. The contributions are charged to the statement of Profit and Loss of the year, when the contributions to the respective funds are due.

(ii) **Gratuity:** Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or loss on account of remeasurement are recognised immediately through Other Comprehensive Income in the period in which they occur.

The Company has taken a Policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability with respect to the employees and the premium paid to LIC is charged to Statement of Profit & Loss. The difference between the actuarial valuation of the gratuity with respect to employees at the year-end and the contribution paid to LIC is further adjusted in the books of accounts.

(iii) **Compensated Absences:** Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. Actuarial gains / losses are recognised in the Statement of Profit and Loss in the year in which they arise. The benefit is unfunded.

(iv) **Short Term Employee Benefits:** Liability is recognised during the period when the employee renders the services.

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 utilized.

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 a 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.

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. 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 - 41)

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 2020 (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 2018	151.93	275.20	710.90	3.95	23.35	1.09	38.48	61.84	1266.74
Additions	–	–	17.36	0.14	–	0.13	2.89	–	20.52
Disposals	–	–	–	–	–	–	–	–	–
At 31 March 2019	**151.93**	**275.20**	**728.26**	**4.09**	**23.35**	**1.22**	**41.37**	**61.84**	**1287.26**
Additions	–	–	261.51	0.15	–	0.32	12.32	–	274.30
Disposals	–	–	(9.51)	–	–	–	–	(5.93)	(15.44)
At 31 March 2020	**151.93**	**275.20**	**980.26**	**4.24**	**23.35**	**1.54**	**53.69**	**55.91**	**1546.12**

(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
Accumulated Depreciation									
At 1 April 2018	–	37.53	208.90	2.17	15.93	0.63	20.13	21.66	306.95
Charge for the year	–	12.51	69.90	0.50	4.91	0.16	6.56	8.38	102.92
Disposals	–	–	–	–	–	–	–	–	–
At 31 March 2019	–	**50.04**	**278.80**	**2.67**	**20.84**	**0.79**	**26.69**	**30.04**	**409.87**
Charge for the year	–	12.56	81.67	0.49	0.05	0.19	5.42	8.22	108.60
Disposals	–	–	(3.72)	–	–	–	–	(2.35)	(6.07)
At 31 March 2020	–	**62.60**	**356.75**	**3.16**	**20.89**	**0.98**	**32.11**	**35.91**	**512.40**
Net carrying amount									
At 31 March 2019	**151.93**	**225.16**	**449.46**	**1.42**	**2.51**	**0.43**	**14.68**	**31.80**	**877.39**
At 31 March 2020	**151.93**	**212.60**	**623.51**	**1.08**	**2.46**	**0.56**	**21.58**	**20.00**	**1033.72**

Note :
1. Freehold Land amounting to ₹3.28 lakhs (Previous Year ₹3.28 lakhs) is pending registration 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.

3.2 Intangible assets

(Amount in ₹ lakhs)

Particulars	Technical know how*	Computer software	Trademarks	Total
Gross carrying amount				
At 1 April 2018	–	13.33	0.50	13.83
Additions	–	1.85	-	1.85
At 31 March 2019	–	**15.18**	**0.50**	**15.68**
Additions	–	0.20	-	0.20
At 31 March 2020	–	**15.38**	**0.50**	**15.88**
Accumulated amortization				
At 1 April 2018	–	10.45	0.10	10.55
Charge for the year	–	2.03	0.05	2.08
At 31 March 2019	–	**12.48**	**0.15**	**12.63**
Charge for the year	–	0.75	0.05	0.80
At 31 March 2020	–	**13.23**	**0.20**	**13.43**
Net carrying amount				
At 31 March 2019	–	**2.70**	**0.35**	**3.05**
At 31 March 2020	–	**2.15**	**0.30**	**2.45**

* Gross block of ₹ 938.37 lakhs, accumulated depreciation ₹ 938.37 lakhs has been shown as ₹ Nil as the Company had elected to consider carrying value as deemed cost at the date of transition to Ind AS.

3.3 Right-of-use assets (Amount in ₹ lakhs)

Particulars	Land	Building	Total
Gross carrying amount			
At 1 April 2019	18.63	201.49	220.12
Additions	–	–	–
Disposals	–	–	–
At 31 March 2020	18.63	201.49	220.12
Accumulated amortization			
At 1 April 2019	-	-	-
Charge for the year	8.60	22.60	31.20
Disposals	-	-	-
At 31 March 2020	8.60	22.60	31.20
Net carrying amount At 31 March 2020	10.03	178.89	188.92

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

4. Biological assets other than bearer plants

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening value of biological assets	**8160.32**	8654.65
Biological assets acquired during the year	**83.41**	82.35
Cost Incurred during the year	**9838.10**	8402.36
Changes in fair value *	**4680.69**	2230.29
Biological assets sold during the year	**(13736.01)**	(10242.81)
Harvested potatoes transferred to inventories and sold during the year	**(218.78)**	(684.22)
Harvested potatoes transferred to inventories	**(414.31)**	(282.30)
Closing value of biological assets	**8393.42**	8160.32

* Represents aggregate gain/(loss) arising on account of change in fair value less costs to sell during the year.

As at 31 March 2020, the Company had 9763063 Nos. TECHNITUBER® Seed Potatoes (31 March 2019 - 9121664 Nos.).

As at 31 March 2020, there were 70407 MT of field generated seed potatoes (31 March 2019 - 71567 MT). During the year, output of agricultural produce (potatoes) is 4897 MT (31 March 2019 - 8241 MT).

In October 2019 -13589 MT (October 2018 - 13100 MT) of seed potatoes were planted and in February/March 2020 - 75051 MT (February/March 2019 - 79440 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 2020 ₹ 108.49 lakhs (31 March 2019 - ₹ 243.44 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 done 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 supported 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, 2020, 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.

5. Current investments

(Amount in ₹ lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Investment in mutual funds (measured at fair value through profit or loss)		
Unquoted		
Nippon India Overnight Fund 16,32,728 (2019- Nil) Units of ₹ 100.00 each	1750.07	–
DSP Overnight Fund 93,580 (2019- Nil) Units of ₹1000.00 each	1000.08	–
ICICI Prudential Liquid Fund Nil (2019- 470,988) Units of ₹100.00 each	–	1301.89
Total unquoted investments	2750.15	1301.89
Total Current Investments	2750.15	1301.89
Total current investments		
Aggregate amount of quoted investments and market value thereof	–	–
Aggregate amount of unquoted investments	2750.15	1301.89
Aggregate amount of impairment in the value of investments	–	–

6. Other Financial assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
<u>Non-Current</u>		
Security deposits	10.03	9.38
Total	10.03	9.38
<u>Current</u>		
Interest accrued on fixed deposits	0.34	0.31
Incentive receivable	5.66	6.43
Total	6.00	6.74

7. Deferred tax assets/(liabilities) (net)

(Amount in ₹ lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax assets	431.97	292.60
Deferred tax liabilities	(0.04)	(0.77)
Total	431.93	291.83

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

Movement in deferred tax assets/(liabilities) balances

FY 2019-20

(Amount in ₹ lakhs)

Particulars	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
Deferred tax assets in relation to:				
Remeasurements of net defined benefit liability	–	–	–	–
Unabsorbed business loss (Refer Note 31)	–	428.52	–	428.52
Others	–	3.45	–	3.45
Total Deferred tax assets	**–**	**431.97**	**–**	**431.97**
Deferred tax liabilities in relation to :				
Gain on financial assets designated at FVTPL	0.49	(0.45)	–	0.04
Remeasurements of net defined benefit liability	0.28	–	(0.28)	–
Total Deferred tax liabilities	**0.77**	**(0.45)**	**(0.28)**	**0.04**
Deferred tax assets/(liabilities) (net) before MAT credit entitlement	**(0.77)**	**432.42**	**0.28**	**431.93**
MAT Credit Entitlement	292.60	(292.60)	–	–
Deferred tax assets/(liabilities) (net)	**291.83**	**139.82**	**0.28**	**431.93**

FY 2017-18

(Amount in ₹ lakhs)

Particulars	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
Deferred tax assets in relation to:				
Remeasurements of net defined benefit liability	–	–	–	–
Total Deferred tax assets	–	–	–	–
Deferred tax liabilities in relation to :				
Gain on financial assets designated at FVTPL	–	0.49	–	0.49
Remeasurements of net defined benefit liability	0.16	–	0.12	0.28
Total Deferred tax liabilities	**0.16**	**0.49**	**0.12**	**0.77**
Deferred tax assets/(liabilities) (net) before MAT credit entitlement	**(0.16)**	**(0.49)**	**(0.12)**	**(0.77)**
MAT Credit Entitlement	353.05	(60.45)	–	292.60
Deferred tax assets/(liabilities) (net)	**352.89**	**(60.94)**	**(0.12)**	**291.83**

8. Other assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Others		
– Prepaid expenses	2.07	2.81
– Security deposits	10.63	10.06
– Advance income tax including TDS recoverable (Net of provision for income tax)	–	118.10
Total	12.70	130.97
Current		
Unsecured considered good		
– Advances to suppliers	106.98	146.51
– Advances to employees	1.70	0.22
– Prepaid expenses	25.37	21.44
– Balance with government authorities	83.36	58.06
Unsecured considered doubtful		
– Advances to suppliers	3.28	3.28
– Provision for doubtful advances	(3.28)	(3.28)
Total	217.41	226.23

9. Inventories

(Amount in ₹ lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Inventories (valued at lower of cost and net realisable value)		
Raw materials and components (Refer Note 21)	183.91	204.98
Finished goods (Agricultural Produce) *	414.31	282.30
Traded goods	1998.38	900.60
Stores & Spares	16,81	17.96
Total	2613.41	1405.84

* Agricultural produce has been valued at fair value less cost to sell at the time of harvest and written down by ₹ Nil lakhs (31 March 2019 ₹ 395.66 lakhs) to arrive at fair value less cost to sell.

10. Trade receivables

(Amount in ₹ lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Unsecured, considered good (Refer Note 38, 40)	60.38	435.63
Unsecured, considered doubtful	185.11	183.70
Less : Allowance for doubtful receivables	(185.11)	(183.70)
Total	60.38	435.63

11. Cash and cash equivalents

(Amount in ₹ lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Balances with Banks		
– In current account	95.73	200.57
(b) Drafts on hand	–	4.21
(c) Cash on hand	0.00	0.20
Total	98.73	204.98

12. Equity share capital

Authorised Equity Share capital

(Amount in ₹ lakhs)

Particulars	Number of Shares	Amount
As at 1 April 2018	40000000	4000.00
Increase during the year	–	–
As at 31 March 2019	40000000	4000.00
Increase during the year	-	–
As at 31 March 2020	40000000	4000.00
Issued, subscribed and fully paid-up		
As at 1 April 2018	37962800	3796.28
Increase during the year	–	–
As at 31 March 2019	37962800	3796.28
Increase during the year	–	–
As at 31 March 2020	37962800	3796.28

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

12.1 Reconciliation of the shares outstanding at the beginning and at the end of the year

(Amount in ₹ lakhs)

Particulars	Number of Shares	Amount
Balance at 1 April 2018	37962800	3796.28
Shares issued/(bought back) during the year	–	–
Balance at 31 March 2019	37962800	3796.28
Shares issued/(bought back) during the year	–	–
Balance at 31 March 2020	**37962800**	**3796.28**

12.2 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.

12.3 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 2020		
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 2019		
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.

12.4 Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31 March 2020		As at 31 March 2019	
	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. Other equity

Retained Earnings

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Balance at beginning of year	3776.87	2953.87
Add : Profit / (Loss) for the year	2033.77	819.50
Add : Other comprehensive income arising from remeasurement of net defined benefit obligation (net of income tax)	(7.69)	3.50
Less : Payment of interim dividend	(1518.51)	–
Less : Dividend distribution tax on interim dividend	(312.13)	–
Balance at end of year	3972.31	3776.87

14. Provisions

(Amount in ₹ lakhs)

Particulars	Non-Current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits (refer note 33)				
Provision for gratuity	22.11	12.64	–	–
Provision for leave benefits	–	–	54.59	45.31
Total	22.11	12.64	54.59	45.31

15. Trade payables

(Amount in ₹ lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
- Dues to micro enterprises and small enterprises	80.27	–
- Dues to creditors other than micro enterprises and small enterprises	5319.98	3879.26
Total	5400.25	3879.26

16. Other current financial liabilities

(Amount in ₹ lakhs)

Particulars	Non-Current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Employee related payables	–	–	117.67	79.72
Deposit from dealers / customers	–	–	1.70	1.70
Payable for fixed asset	–	–	9.12	–
Payable to holding company (Refer Note 40)	8.43	13.52	45.72	37.30
Total	8.43	13.52	174.21	118.72

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

17. Contract liabilities

(Amount in ₹ lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Contract liabilities	994.05	1371.13
Total	994.05	1371.13

Note : Out of balance as on 31 March 2019, ₹ 1122.78 lakhs (previous year ₹ 724.19 lakhs) was recognised as revenue during the year.

18. Other current liabilities

(Amount in ₹ lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory dues including provident fund and tax deducted at source	38.08	40.52
Total	38.08	40.52

19. Revenue from operations

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products		
Biological assets	13736.01	10242.81
Agricultural Produce	615.97	870.99
Traded Goods	5691.95	4744.10
	20043.93	15857.90
Other operating revenues		
Sale of old empty bags	152.36	135.65
Others*	29.77	32.28
	182.13	167.93
Total	20226.06	16025.83

* 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.

20. Other income

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on Bank Deposits and Others	1.71	0.08
Lease rental income [Refer Note 33(ii)]	112.12	112.12
Provisions/Liabilities written back to the extent no longer required	1.03	1.94
Exchange differences (net)	1.54	–
Gain on sale of current investments	160.56	119.00
Gain on fair value measurement of investments	0.15	1.89
Total	277.11	235.03

21. Cost of raw material and components consumed

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventory at the beginning of the year	204.98	216.01
Add: purchases	1003.72	935.51
	1208.70	1151.52
Less: inventory at the end of the year	183.91	204.98
Cost of raw material and components consumed	1024.79	946.54

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Plantlets	10.68	13.25
Chemicals and fertilizers	86.38	75.64
Packing stores	927.73	857.65
Total	1024.79	946.54

Details of inventory

(Amount in ₹ lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials and components		
Chemicals and fertilizers	26.40	10.10
Packing stores	157.51	194.88
Total	183.91	204.98

22. Purchases of stock-in-trade and biological assets

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Biological assets		
– Field generated seed potatoes	83.41	82.35
Stock-in-trade		
– Potatoes	5722.10	4551.25
– Apples	161.64	109.30
– Onions	26.41	15.03
– Banana Tissue Culture Plantlets	–	2.10
Total	5993.56	4760.03

23. Changes in inventories of finished goods, stock-in- trade and biological assets

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Finished goods - Traded goods		
Inventories at the end of the year	1998.38	900.60
Inventories at the beginning of the year	900.60	275.15
(Increase)/decrease (a)	(1097.78)	(625.45)
Finished Goods - Agricultural Produce		
Inventories at the end of the year	414.31	282.30
Inventories at the beginning of the year	282.30	322.04
(Increase)/decrease (b)	(132.01)	39.74
Biological assets		
Inventories at the end of the year	8393.42	8160.32
Inventories at the beginning of the year	8160.32	8654.65
(Increase)/decrease (c)	(233.10)	494.33
Total Changes in inventories of finished goods, stock-in- trade and biological assets (a+b+c)	(1462.89)	(91.38)

Details of inventory and Biological assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Finished Goods		
Field generated potatoes (Agriculture Produce)	414.31	282.30
Total (a)	414.31	282.30
Traded goods		
Potatoes	1998.38	897.11
Apple	–	3.49
Total (b)	1998.38	900.60
Total (a+b)	2412.69	1182.90
Biological assets	8393.42	8160.32
Total	8393.42	8160.32

24. Employee benefits expense

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages	964.49	791.29
Contribution to provident and other funds (Refer Note 34)	40.39	34.04
Share-based payments to employees (Refer Note 35)	44.59	130.06
Staff welfare expenses	25.64	60.37
Total	1075.11	1015.76

25. Finance costs

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense		
- On financial liabilities measured at amortised cost	50.02	79.00
- Others	2.75	1.33
Interest on lease liabilities (Refer Note 33)	17.65	–
Total	70.42	80.33

26. Depreciation and amortisation expense

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment (Refer Note 3.1)	108.60	102.92
Amortisation of intangible assets (Refer Note 3.2)	0.80	2.08
Depreciation of Right-of-use assets (Refer Note 3.3,33)	31.20	-
Total	140.60	105.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

27. Other expenses

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of stores and spares	6.32	4.69
Farming Charges	5050.00	3789.93
Power and fuel	127.57	123.21
Freight and forwarding charges	1416.07	1305.12
Lease rent [Refer Note 33(i)]		
- Agricultural land	1001.64	931.71
- Office and Others	46.68	80.20
Storage and handling cost	2303.87	1982.16
Rates and taxes	5.03	4.63
Insurance	34.57	31.48
Repairs and maintenance		
- Plant and machinery	49.60	23.73
- Buildings	4.85	0.01
- Others	33.26	26.94
Advertising and sales promotion	20.65	0.05
Sales commission	17.16	0.80
Travelling and conveyance	117.44	101.43
Telephone, postage and telegram expenses	11.85	13.01
Printing and stationery	6.65	4.97
Legal and professional fees	30.48	54.74
Payment to auditors including taxes (Refer Note 27.1 below)	13.57	22.77
Exchange differences (net)	–	0.87
Provision for doubtful debts	1.40	–
Expenditure towards corporate social responsibility (CSR) (Refer Note 30)	6.10	–
Loss on sale of plant and equipment (net)	2.25	–
Miscellaneous expenses	108.76	95.07
Total	10415.77	8597.52

27.1.Payment to auditors including taxes

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
As Auditor:		
Audit fee	9.44	9.44
Tax audit fee	1.77	1.77
In other capacities		
Re-imbursement of expenses	1.18	0.94
Other services	1.18	10.62
Total	13.57	22.77

28. Income taxes

28.1.Tax expenses recognised in Statement of Profit and Loss

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax		
In respect of the current year	69.10	53.07
In respect of the prior year (Refer Note 32)	1282.76	(86.45)
Total (a)	1351.86	(33.38)
Deferred tax		
In respect of the current year	(432.42)	0.49
MAT credit entitlement (Refer Note 32)	292.60	60.45
Total (b)	(139.82)	60.94
Grand Total (a+b)	1212.04	27.56

28.2 Tax expenses recognised in Other comprehensive income

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Deferred tax charge/(credit) :		
Arising on remeasurements of net defined benefit liability	0.28	(0.12)
Total	0.28	(0.12)

28.3 Reconciliation of effective tax rate

The reconciliation between the income tax expenses and amount computed by applying the standard rate of income tax to profit before taxes is as follows :

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit/(Loss) before tax	3245.81	847.06
Income Tax expense calculated at 25.168% (2019 - 27.82%)	816.91	235.65
Effects of :		
– Agricultural income/(Loss) - exempt from Income tax in determining taxable profit	(458.67)	(197.66)
– Adjustments for current tax of prior periods	1282.76	(86.45)
– MAT Credit Written off	292.60	–
– Others	(721.56)	76.02
Income Tax expenses recognised in Statement of Profit and Loss	1212.04	27.56

The tax rate of 25.168% (22% + surcharge @ 10% and education cess @ 4%) and 27.82% (25% + surcharge @ 7% and education cess @ 4%) has been used for year 2019-20 and 2018-19 respectively, for calculation of tax under the Income Tax Act, 1961.

29. Earnings per share (EPS)

(Amount in ₹ lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit/(Loss) after tax	2033.77	819.50
Net profit/(loss) for calculation of basic EPS	2033.77	819.50
Net profit/(Loss) as above	2033.77	819.50
Net profit/(loss) for calculation of diluted EPS	2033.77	819.50
	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)]	5.36	2.16
Diluted [Nominal value of shares ₹10 (Previous Year : ₹ 10)]	5.36	2.16

30. CSR Expenditure

(a) Gross amount required to be spent by the Company during the year ₹ 6.05 lakhs (previous year ₹. Nil).

(b) Amount spent during the year on:

(₹ in lakhs)

S.No.	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(i)	Construction/acquisition of any asset	–	–
(ii)	On purposes other than (i) above	6.10	–
		(–)	(56.00)

(Figures in bracket indicate previous year figures)

31. Contingent liabilities

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Claims against the Company not acknowledged as debts		
Disputed income tax matters	–	625.67

32.

During the year, the Company has reviewed its outstanding legal disputes and considering recent Courts / Tribunals decisions, have made appropriate provisions for the same.

33. 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;
- the Company has no obligation towards the owner in case of damage to the property on account of risks like fire, flood, riots, natural calamities, etc.

(₹ in lakhs)

Particulars	Amount
Depreciation charge for right-of-use assets	
- Land	8.60
- Building	22.60
Interest expense on lease liabilities	17.65
Expense relating to short-term leases	161.67
Expense relating to variable lease payments	886.65
Carrying amount of right-of-use assets	
- Land	10.03
- Building	178.89
Lease liabilities	202.62

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.

34. 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.

The following tables sets out the Defined Benefits Plan as per Actuarial Valuation as on 31 March 2020 and 31 March 2019 and recognised in the financial statements in respect of Employee Benefit Scheme.

(₹ in Lakhs)

		Particulars	For the year ended	
			31 March 2020	31 March 2019
I	**Components of Employer Expense**			
	(A) Recognised in Statement of Profit and Loss			
	1	Current Service Cost	**10.04**	8.25
	2	Past Service Cost	–	–
	3	Net Interest Cost	0.46	0.75
	4	**Total expense recognised in the Statement of Profit and Loss**	**10.50**	9.00
	(B)	**Re-measurements recognised in Other Comprehensive Income**		
	5	(Return) on plan assets (excluding amounts included in Net interest cost)	**0.47**	0.92
	6	Effect of changes in demographic assumptions	**(2.87)**	3.10
	7	Effect of changes in financial assumptions	**13.61**	(5.46)
	8	Changes in asset ceiling (excluding interest income)	–	–
	9	Effect of experience adjustments	**(3.23)**	(2.18)
	10	**Total re-measurements included in OCI**	**7.97**	(3.62)
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income (4+10)**	**18.47**	5.39

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 24. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.

(₹ in Lakhs)

		Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
II	**Actual Returns**		**4.10**	2.95
III	**Net (Asset/Liability recognised in Balance Sheet)**			
	1	Present Value of Defined Benefit Obligation	**88.41**	68.16
	2	Fair Value of Plan Assets	**66.30**	55.52
	3	Status [(Surplus/Deficit)]	**22.11**	12.64

			As at 31 March 2020		As at 31 March 2019	
			Current	**Non-Current**	Current	Non-Current
	4	Net (Asset)/Liability recognised in Balance Sheet	–	**22.11**	–	12.64

(₹ in Lakhs)

		Particulars	For the year ended	
			31 March 2020	31 March 2019
IV	**Change in Defined Benefit Obligation (DBO)**			
	1	Present Value of DBO at the beginning of the year.	**68.16**	63.57
	2	Current Service Cost	10.04	8.25
	3	Past Service Cost	–	–
	4	Interest Cost	**5.03**	4.63
	5	Re-measurement gains/(losses):		
		Effect of changes in demographic assumptions.	**(2.87)**	3.10
		Effect of changes in financial assumptions.	**13.61**	(5.46)
		Effect of experience adjustments.	**(3.23)**	(2.18)
	6	Benefits Paid	**(2.32)**	(3.75)
	7	**Present Value of DBO at the end of the year.**	**88.41**	68.16

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

(₹ in Lakhs)

		Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
V		**Change in Fair Value of Assets**		
	1	Plan Assets at the beginning of the year	**55.52**	47.76
	2	Return on Plan Assets	**4.57**	3.87
	3	Re-measurement of Gains/(Losses) on plan assets	**(0.47)**	(0.92)
	4	Actual Company Contributions	**8.99**	8.55
	5	Benefits paid	**(2.32)**	(3.75)
	6	Plan Assets at the end of the year	**66.30**	55.52

		Particulars	As at 31 March 2020	As at 31 March 2019
VI		**Actuarial Assumptions**		
	1	Discount Rate (%)	**6.25**	7.50
	2	Expected Return on plan Assets (%)	**6.25**	7.50
	3	Attrition Rate	**8.00**	6.75
	4	Long term rate of compensation increase (%)	**12.00**	11.00

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 2020	31 March 2019
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 2020	For the year ended 31 March 2019
IX		**Net Asset/Liability recognised in Balance sheet (Including Experience adjustment impact)**		
	1	Present Value of Defined Benefits Obligations	**88.41**	68.16
	2	Fair Value of Plan Assets	**66.30**	55.52
	3	Status [(Surplus)/Deficit]	**22.11**	12.64
	4	Experience Adjustment of Plan Assets [Gain/ (loss)]	**(0.47)**	(0.92)
	5	Experience Adjustment of Obligation [Gain/ (loss)]	**(3.23)**	(2.18)

X Expected contributions to defined benefit plan for year ending 31 March 2020 are ₹ 7.71 lakhs. Details of expected cash flows for following years is given below: (₹ in Lakhs)

	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
1	Expected employer contributions next year	**10.69**	7.71
2	Expected benefits payment		
	Year 1	**5.47**	3.62
	Year 2	**5.64**	3.93
	Year 3	**4.74**	3.77
	Year 4	**13.22**	4.30
	Year 5	**7.38**	11.53
	Next 5 years	**27.32**	26.86

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 calculating 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 2020	DBO as at 31 March 2019
	1	Discount Rate + 100 basis points	**81.62**	62.98
	2	Discount Rate - 100 basis points	**96.18**	74.07
	3	Attrition Rate +1%	**86.17**	67.03
	4	Attrition Rate -1%	**90.92**	69.39
	5	Long term rate of Compensation Increase Rate +1%	**94.81**	73.16
	6	Long term rate of Compensation Increase Rate -1%	**82.57**	63.63

Amount towards defined contribution plans have been recognised under 'Contribution to provident and other fund' in Note 24 - ₹29.89 lakhs (2019: ₹ 25.03 lakhs).

XII. Weighted Average Duration of Defined Benefit Obligations

The weighted average duration of defined benefit obligation is 8 years (2019 : 9 years).

35. 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) Regulations, 2014.

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

The cost of stock options granted under ITC ESOS / 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 ₹ 49.63 lakhs (2019 – ₹ 116.54 lakhs) towards ITC ESOS and ₹ (5.04) lakhs (2019 - ₹ 13.52 lakhs) towards ITC ESAR has been recognized as employee benefits expense (Refer Note 24). Such charge has been recognised as employee benefits expense with corresponding credit to current / non – current financial liabilities, as applicable. Out of the above ₹ 20.62 lakhs (2019- ₹ 57.73 lakhs) is attributable to key management personnel [Mr. Sachidanand S. Madan ₹ 16.27 lakhs (2019 - ₹ 47.03 lakhs); Mr. Sanjeev Madan ₹ 4.35 lakhs (2019 - ₹ 10.70 lakhs)]

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

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

Particulars *	As at 31 March 2020	As at 31 March 2019
	No. of Options	No. of Options
Outstanding at the beginning of the year	140,767	1,81,347
Add: Granted during the year @	–	–
Less: Lapsed during the year	–	–
Add / (Less): Movement due to transfer of employees within the group.	–	–
Less: Exercised during the year	2,370	40,580
Outstanding at the end of the year	138,397	140,767
Options exercisable at the end of the year	124,778	107,076

* 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 Nil (2019 – Nil) number of options granted to Key Management Personnel of the Company.

36. 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 2020	31st March 2019
Equity shares Interim dividend for the year ended 31 March 2020 of ₹ 4 per fully paid share (31 March 2019 - of ₹ Nill per fully paid share)	1518.51	–

37. Categories of Financial Instrument

(₹ in lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	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	2750.15	2750.15	1301.89	1301.89
b) Measured at amortised cost				
Cash and Bank Balances	95.73	95.73	204.98	204.98
Trade Receivables	60.38	60.38	435.63	435.63
Other Financial Assets	16.03	16.03	16.13	16.13
B. Financial Liabilities				
Measured at amortised cost				
Borrowings	–	–	–	–
Trade Payables	5400.25	5400.25	3879.26	3879.26
Other Financial Liabilities	182.64	182.64	132.24	132.24
Lease Liabilities	202.62	202.62	–	–

38. 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. Particulars of un-hedged foreign currency exposure are given hereunder.

Particulars	Currency	As at 31 March 2020	As at 31 March 2019
Trade receivables	AUD$	–	234,200

No sensitivity analysis is given due to immaterial balances of financial assets and financial liabilities at the year end.

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from short-term borrowings where the rate of interest is fixed. The Company's borrowings are carried at amoritsed cost. The borrowings of the Company at the end of the reporting period are ₹ Nil (2019: ₹ Nil). As there is no outstanding loan as on 31 March, 2020, no sensitivity analysis is given.

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 2020 is ₹ 2750.15 lakhs (31 March 2019 - ₹ 1301.89). Accordingly, these do not pose any significant price risk, hence, no sensitivity analysis is given.

(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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

(₹ in lakhs)

As at 31 March 2020 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	5400.25	5068.39	-	331.86	–	5400.25
Other Financial Liabilities	182.64	58.05	9.12	107.04	8.43	182.64
Lease Liability	202.62	11.10	11.10	14.29	243.91	280.40
Total	**5785.51**	**5137.54**	**20.22**	**453.19**	252.34	**5863.29**

(₹ in lakhs)

As at 31 March 2019 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	3879.26	3584.28	–	294.98	–	3879.26
Other Financial Liabilities	132.24	52.42	45.86	20.44	13.52	132.24
Total	**4011.50**	**3636.70**	**45.86**	**315.42**	**13.52**	**4011.50**

* 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 since previous year. 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.

Movement in the provisions for impairment of trade receivables is as follows:

(₹ in lakhs)

Particulars	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Balance at the beginning of the year	**183.70**	183.70
Provided during the year	**1.41**	–
Adjusted during the year	–	–
Balance at the end of the year	**185.11**	183.70

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.

39. 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 2020	**31 March 2019**
Investments in Mutual Funds	Level 1	Net Asset Value as declared by the Fund/ quoted prices in active markets	**2750.15**	1301.89

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

40. 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 : Whole Time Director & Company Secretary
Mr. Sanjeev Kumar Madan : Chief Financial Officer

(d) Details of transactions carried out during the financial year ended 31 March 2020 with related parties in the ordinary course of business:

(₹ in lakhs)

Particulars	Holding Company (ITC Limited)		Entities under Common Control		KMP	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Sale of products						
- ITC Limited	4097.08	3521.17	–	–	–	–
- Technico Pty Limited	–	–	44.83	108.59	–	–
Purchase of products						
- ITC Limited	–	1.06	–	–	–	–
Lease rental income						
- ITC Limited	112.12	112.12	–	–	–	–
Remuneration of managers on deputation reimbursed #						
- ITC Limited	307.10	274.29	–	–	–	–
Value of Share based payment						
- Reimbursement	44.59	130.06	–	–	–	–
Interim Dividend						
- ITC Limited	1518.51	–	–	–	–	–
Purchase of services						
- ITC Limited	6.25	0.96	–	–	–	–
-ITC Infotech India Limited	–	–	13.74	13.45	–	–
Expenses reimbursed						
- ITC Limited	19.79	21.85	–	–	–	–
Expenses recovered						
- ITC Limited	–	–	–	–	–	–
- Technico Pty Limited	–	–	3.97	6.77	–	–
Remuneration paid**						
- Mr. Sachidanand S. Madan	–	–	–	–	168.25	145.80
- Other KMP	–	–	–	–	48.16	38.02

\# Reimbursement of managers on deputation includes remuneration paid to Mr. Sachidanand S. Madan (Wholetime Director & Company Secretary) disclosed separately.

(e) Details of balances with the related parties :

(₹ in lakhs)

Particulars	Holding Company (ITC Limited)		Entities under Common Control	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Trade receivables				
– ITC Limited	45.59	97.86	–	–
– Technico Pty Limited	–	–	–	114.80
Other payables				
– ITC Limited	54.15	50.82	–	–

****Compensation of key managerial personnel**

(₹ in lakhs)

The remuneration of directors and other members of key managerial personnel #	For the year ended 31 March 2020	For the year ended 31 March 2019
Short term benefits	230.44	183.82

\# Post-employment benefits and other long term employee benefits are actuarially determined on overall basis and hence not separately provided. Also refer note 35 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.

41. 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, Apple etc.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

A. Segment Results :

(₹ in lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Segment Revenue:		
- Seed (Biological assets and Agricultural Produce)	**14351.98**	11113.80
- Fruits and Vegetables (Traded goods)	**5691.95**	4744.10
Gross Revenue from sale of products	**20043.93**	15857.90
Segment Results:		
- Seed	**3088.34**	783.88
- Fruits and Vegetables	**(44.97)**	(89.58)
Segment Total	**3043.37**	694.30
Unallocated Income (net of unallocated Expenses)	**112.12**	112.12
Profit before Interest etc. and taxation	**3155.49**	806.42
Finance Costs	**(70.42)**	(80.33)
Income from current and non-current investments, interest earned on deposits, profit/loss on sale of investments etc.	**160.74**	120.97
Profit before tax	**3245.81**	847.06
Tax expenses	**(1212.04)**	(27.56)
Profit for the year	**2033.77**	819.50

B. Segment Assets and Liabilities:

(₹ in lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Assets	Liabilities	Assets	Liabilities
Seed	**10384.17**	**5157.29**	9950.70	5005.50
Fruits and Vegetables	**2154.27**	**1712.39**	1186.74	450.03
Segment Total	**12538.44**	**6869.68**	11137.44	5455.53
Unallocated Assets and Liabilities	**3277.81**	**1177.98**	1916.81	25.57
Total	**15816.25**	**8047.66**	**13054.25**	**5481.10**

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 2020	For the year ended 31 March 2019
(a)	Revenue from domestic market	**19978.97**	15735.95
(b)	Revenue from overseas market	**64.96**	121.95
	Total	**20043.93**	**15857.90**

No customer individually accounts for more than 10 % of the revenue of the Company.

D. Depreciation and Amortization :

(₹ in lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Seed	**139.32**	103.73
Fruits and Vegetables	**1.28**	1.27
Total	**140.60**	**105.00**

Includes depreciation of Right of use assets (refer note 3.3, 33)

E. Non Cash expenditure other than depreciation and amortization :

(₹ in lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Seed	–	0.56
Fruits and Vegetables	–	–
Total	–	**0.56**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

42. 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.

43. The financial statement for the year ended 31 March 2020 are adopted and authorized for issue by Board of Directors on 9th June, 2020.

44. Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, and Companies (Indian Accounting Standards) Second Amendment Rules, 2019; both on 30th March, 2019 notifying:

i) new Standard Ind AS 116 "Leases' effective 1st April, 2019 and

ii) certain amendments relating to income tax consequences of dividend and uncertainty over income tax treatments in Ind AS 12 "Income Taxes".

On transition to Ind AS 116, Company recognised Right-of-use asset of ₹ 220.12 lakhs and lease liability of ₹ 220.12 lakhs as at April 1,2019 for leases previously classified as operating leases. The total cash outflow towards payments in respect of short - term leases for the year is ₹ 161.67 lakhs.

For SRBC & Co LLP
Firm registration number: 324982E/E300003
Chartered Accountants

Sanjay Vij
Partner
Membership no.: 095169

Date: 9 June, 2020

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

S. Sivakumar
Chairman

Sachidanand S. Madan
Director and Company Secretary

Sanjeev K. Madan
Chief Financial Officer

Date : 9 June, 2020

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2020

The directors submit their report for the financial year ended 31 March 2020.

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:

49 Bowral 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 and commercialisation and activities associated therewith. The company owns the proprietary TECHNITUBER® Technology and has undertaken commercialisation of such technology through its wholly owned subsidiaries in different geographies viz.:

- Technico Asia Holdings Pty Limited, Australia ('TAHL')
- Technico Horticultural (Kunming) Co. Limited, China (100% subsidiary of TAHL)
- Technico Technologies Inc., Canada

Review and results of operations

Your company is focused on ensuring the continuous upgrading of the TECHNITUBER® Technology and customising its application across various geographies. Your company is also engaged in the marketing of TECHNITUBER ® seeds to global customers by leveraging the production facilities of its subsidiaries in China and Canada as well as the facilities of its group company TechnicoAgri Sciences Limited, India ("TASL").

For the year under review, your company has reported revenues from sale of goods of A$2,492,141(2019: A$2,413,161) and earned a net profit of A$1,559,121 (2019: A$1,250,911). Net Profit for the current year is higher by about A$ 0.31 million, aided by favourable forex translations as well as increase in sales and margin improvement.

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.

Significant events after balance sheet date

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.

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 section 307C of the Corporations Act 2001, for the year ended 31 March 2020 has been received and is included inthe financial report.

Signed in accordance with a resolution of the Board of Directors:

Allan Hendry
Director

Place: Sydney, Australia
Date: 9th June 2020

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH, 2020

In accordance with a resolution of the directors of Technico Pty Limited, we state that in the opinion of the directors:

(a) the company is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 31 March 2020 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards stated in Note 1 and Corporations Regulations; and

(c) 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:

Allan Hendry
Director

Sydney, Australia
Date: 9th June 2020

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

To the Directors of the Technico Pty Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2020 there has been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

b) 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
Date: 9th June 2020

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 2020, the statement of profit or loss andother comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Technico Pty Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 31 March 2020 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

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 auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and 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 Corporations Act 2001, 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.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 31 March 2020 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to 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 under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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 described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and 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 a 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
Date: 9th June 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH, 2020

	Notes	2020 $	2020 ₹	2019 $	2019 ₹
Continuing operations					
Sale of goods	2(a)	**2,492,141**	**118,495,074**	2,413,161	119,529,897
Cost of sales		**(1,026,330)**	**(48,799,426)**	(1,012,585)	(50,155,867)
Gross profit		**1,465,811**	**69,695,648**	1,400,576	69,374,030
Other income	2(a)	**418,631**	**19,904,857**	228,779	11,331,996
Middle East & North Africa expenses		**–**	**–**	(134)	(6,637)
Research and development expenses		**(48,538)**	**(2,307,861)**	(36,954)	(1,830,424)
Occupancy expenses		**(3,273)**	**(155,623)**	(3,273)	(162,120)
Administration expenses	2(d)	**(191,878)**	**(9,123,318)**	(258,582)	(12,808,213)
Profit from continuing operations before income tax expense		**1,640,753**	**78,013,703**	1,330,412	65,898,632
Income tax expense	3	**(81,632)**	**(3,881,398)**	(79,501)	(3,937,883)
Total comprehensive income for the period		**1,559,121**	**74,132,305**	1,250,911	61,960,749
Net profit attributable to members of Technico Pty Limited		**1,559,121**	**74,132,305**	1,250,911	61,960,749

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2020

	Notes	2020 $	2020 ₹	2019 $	2019 ₹
Current assets					
Cash and cash equivalents	4	5,435,248	250,429,052	4,305,240	211,042,864
Trade and other receivables	5	2,569,916	118,408,880	2,049,899	100,486,049
Other assets	6	74,678	3,440,789	71,442	3,502,086
Total current assets		8,079,842	372,278,721	6,426,581	315,030,999
Non-current assets					
Other financial assets	7	969,736	44,680,586	969,736	47,536,458
Intangible assets	8	13,246	610,309	15,634	766,379
Total non-current assets		982,982	45,290,895	985,370	48,302,837
Total assets		9,062,824	417,569,616	7,411,951	363,333,836
Current liabilities					
Trade and other payables	9	1,088,165	50,137,202	996,752	48,860,783
Current tax liabilities	3	2,674	123,205	2,335	114,462
Total current liabilities		1,090,839	50,260,407	999,087	48,975,245
Total liabilities		1,090,839	50,260,407	999,087	48,975,245
Net assets		7,971,985	367,309,209	6,412,864	314,358,591
Equity					
Contributed equity	10	19,489,182	897,964,061	19,489,182	955,359,702
Accumulated losses	11	(13,076,318)	(604,787,157)	(13,076,318)	(641,001,111)
Reserves	17	1,559,121	74,132,305	–	–
Total equity		7,971,985	367,309,209	6,412,864	314,358,591

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

	Contributed equity $	Retained earnings $	Reserves	Total $
At 1 April 2018	19,489,182	(14,327,229)	–	5,161,953
Total Comprehensive income for the period	–	1,250,911	–	1,250,911
At 31 March 2019	19,489,182	(13,076,318)	–	6,412,864
Total Comprehensive income for the period	–	1,559,121	–	1,559,121
Transfer to Reserves	–	(1,559,121)	1,559,121	–
At 31 March 2020	19,489,182	(13,076,318)	1,559,121	7,971,985

	Contributed equity INR	Retained earnings INR	Reserves	Total INR
At 1 April 2018	975,336,113	(717,006,175)	–	258,329,938
Total Comprehensive income for the period	–	61,960,749	–	61,960,749
Exchange rate variance	(19,976,411)	14,044,315	–	(5,932,096)
At 31 March 2019	955,359,702	(641,001,111)	–	314,358,591
Total Comprehensive income for the period	–	74,132,305	–	74,132,305
Transfer to Reserves		(74,132,305)	74,132,305	–
Exchange rate variance	(57,395,641)	36,213,954	–	(21,181,687)
At 31 March 2020	897,964,061	(604,787,157)	74,132,305	367,309,209

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2020

	2020		2019	
	$	₹	$	₹
Cash flow from operating activities				
Receipts from customers	2,273,981	108,122,112	2,104,447	104,238,520
Receipts of sundry income	–	–	76,018	3,765,362
Payments to suppliers and employees	(1,176,210)	(55,925,845)	(1,025,405)	(50,790,873)
Income tax paid	(81,293)	(3,865,279)	(111,998)	(5,547,541)
Interest received	113,920	5,416,611	98,490	4,878,456
Net cash flows from operating activities- Note 4 (b)	1,130,398	53,747,599	1,141,552	56,543,924
Cash flow from investing activities				
Payments for protection of technology	(390)	(18,544)	(4,641)	(229,880)
Net cash flows from/(used in) investing activities	(390)	(18,544)	(4,641)	(229,880)
Cash flows from financing activities				
Net cash flows (used in)/from financing activities	–	–	–	–
Net increase/(decrease) in cash held	1,130,008	53,729,055	1,136,911	56,314,044
Add opening cash brought forward	4,305,240	204,703,399	3,168,329	158,559,024
Non cash exchange gain/(loss) on translation	–	(8,003,402)	–	(3,830,204)
Cash and cash equivalents at end of period- Note 4	5,435,248	250,429,052	4,305,240	211,042,864

Corporate information

Technico Pty Limited is afor 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:

49 Bowral Street BOWRAL NSW 2576 Australia

Note 1: Statement of significant accounting policies

(a) *Basis of preparation*

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001.

The financial report is prepared for distribution to members of the company to fulfil the directors' financial reporting requirements under Chapter 2M of the Corporations Act 2001, wherein the company is considered to be a large proprietary company. 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.

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 = INR46.075for the current year balance sheet (2019: INR 49.0200) and the average rate of 1 AUD = INR 47.5475for the current year income statement and cash flow statement (2019: INR 49.5325), and have been included in the financial report as required by the parent entity.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1054 Australian Additional Disclosures.

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 should be complied with.

The material accounting policies that have been adopted in the preparation of the financial report are as follows:

(b) *Change in Accounting Policy*

Leases - Adoption of AASB 16

The Company has adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 April 2019 and therefore the comparative information for the year ended 31 March 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short term leases and leases of low value assets, and the lease expense relating to these leases (specifically storage fling space of $273 per month) are recognised in the statement of profit or loss on a straight-line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- excluded leases with an expiry date prior to 31 March 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right of use asset and the lease liability at 1 April 2019 are the same value as the leased asset and liability on 31 March 2019.

Financial statement impact of adoption of AASB 16

The Company has recognised right of use assets of $ Nil and lease liabilities of $ Nil at 1 April 2019, for leases previously classified as operating leases. There is no impact on the financial position, statement of financial performance and cash flows on initial adoption of AASB 16 at 1 April 2019.

(c) **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.

(d) *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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(e) *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.

(f) *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 model, simplified approach when collection of the full amount is no longer probable.

(g) *Other financial assets*

Investments in controlled entities are recorded at cost less impairment of the investment value.

(h) *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.

(i) *Leases*

For comparative year

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(j) *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.

(k) *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.

(l) *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.

(m) *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.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to 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.

(n) *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.

(o) *Employee benefits*

(i) 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.

(ii) Long service leave

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(p) 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.

(q) 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.

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.

(r) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

		2020		2019	
		$	₹	$	₹
Note 2: Revenues and expenses					
Revenue and expenses from continuing activities					
(a) Revenue					
Sales- TT seeds		**2,492,141**	**118,495,074**	2,413,1631	119,529,897
Other Income					
Finance revenue	AA	**116,777**	**5,552,454**	98,490	4,878,456
Agronomy support income		–	–	76,018	3,765,362
Freight outwards &Misc. income		**45,890**	**2,181,955**	54,271	2,688,178
Realised foreign exchange gain		**18,056**	**858,518**	–	–
Unrealised foreign exchange gain		**237,908**	**11,311,930**	–	–
		418,631	**19,904,857**	228,779	11,331,996
AA. Breakdown of finance revenue:					
Bank interest		**116,777**	**5,552,454**	98,490	4,878,456
(b) **Depreciation, amortisation included in the income statement**					
Amortisation of non-current assets:					
Technology and trademarks		**2,778**	**132,087**	3,168	156,919
Total amortisation of non-current assets		**2,778**	**132,087**	3,168	156,919
(c) **Employee benefit expense**					
Wages and salaries- incl super and travel allowance		**43,266**	**2,057,190**	33,940	1,681,133
Workers' compensation costs		**283**	**13,456**	549	27,193
(d) **Administration expenses (significant exp only):**					
Consultancy expense		**31,163**	**1,481,723**	36,786	1,822,103
Audit and Accounting fee		**18,000**	**855,855**	19,500	965,884
Overseas travel		**40,600**	**1,930,429**	35,895	1,777,969
Freight and cartage		**78,585**	**3,736,520**	80,060	3,965,572
Others		**23,530**	**1,118,791**	86,341	4,276,685
Total		**191,878**	**9,123,318**	**258,582**	**12,808,213**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2020		2019	
	$	**₹**	$	₹
Note 3: Income tax				
The major components of income tax expenses are:				
Income statement				
Current income tax				
Current income tax charge	**81,632**	**3,881,398**	79,501	3,937,883
Income tax expense reported in the income statement	**81,632**	**3,881,398**	79,501	3,937,883
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 before income from continuing operations at the statutory income tax rate of 30%	**492,226**	**23,404,116**	399,123	19,769,560
Amortisation of technology	**833**	**39,608**	(100)	(4,953)
Non-assessable income net of deductible expenses (unrealised FX gain)	**(78,685)**	**(3,741,276)**	4,535	224,630
Write back or write down of investments in wholly owned subsidiaries	**–**	**–**	–	–
Recoupment of prior year tax losses	**(332,742)**	**(15,821,050)**	(324,057)	(16,051,354)
Income tax attributable to ordinary activities	**81,632**	**3,881,398**	79,501	3,937,883
Provision for income tax	**2,674**	**123,205**	2,335	114,462

Income tax losses

Future income tax benefits arising from revenue timing differences and tax losses of the parent entity amounted to $332,742(2019: $324,057). This has not been brought to account at balance sheet date as realisation is not considered probable.

The future income tax benefit 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) (iii) no changes in tax legislation adversely affect the economic entity in realising the benefit.

	2020		2019	
	$	**₹**	$	₹
Note 4: Cash and cash equivalents				
Current				
Cash at bank and on hand	**121,358**	**5,591,570**	623,466	30,562,303
Deposits at call	**5,313,890**	**244,837,482**	3,681,774	180,480,561
	5,435,248	**250,429,052**	4,305,240	211,042,864

(a) Terms and conditions relating to the above financial instruments:

(i) cash at bank has a weighted average interest rate of 0% (2019: 0%); and

(ii) deposits at call has a weighted average effective interest rate of 2.21% AUD account (2019: 2.575% AUD Account)

	Note				
(b) Reconciliation of net profit/(loss) after tax to the net cash flows from operations:					
Net profit		**1,559,121**	**74,193,119**	1,250,911	61,960,749
Non-cash items:					
Amortisation of non-current assets		**2,778**	**132,087**	3,168	156,919
Changes in assets and liabilities:					
(Increase)/decrease in trade and other receivables		**(520,017)**	**(24,725,508)**	(278,401)	(13,789,898)
Decrease/(increase) in other current assets		**(3,236)**	**(153,864)**	(25,050)	(1,240,789)
Increase/(decrease) in trade creditors and accruals		**91,752**	**4,301,765**	190,924	9,456,943
Cash flows from operations		**1,130,398**	**53,747,599**	1,141,552	56,543,924

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Note	2020 $	2020 ₹	2019 $	2019 ₹
Note 5: Trade and other receivables					
Current					
Trade debtors	(a)	**2,569,916**	**118,408,880**	2,049,899	100,486,049
Provision for doubtful debts		**–**	**–**	–	–
		2,569,916	**118,408,880**	2,049,899	100,486,049

(a) Terms and conditions

Terms and conditions relating to the above financial instruments:

(i) current trade debtors are non-interest bearing and generally on 180 day terms; and Debtors have a history of paying before time.

	2020 $	2020 ₹	2019 $	2019 ₹
Note 6: Other assets				
Current				
Prepayments and other receivables	2,603	119,933	2,224	109,020
Interest accrual	72,075	3,320,856	69,218	3,393,066
	74,678	3,440,789	71,442	3,502,086

	Note	2020 $	2020 ₹	2019 $	2019 ₹
Note 7: Other financial assets					
Non-current					
Shares in subsidiaries:					
At cost		**4,880,863**	**224,885,763**	4,880,863	239,259,904
Provision for write-down	(a)	**(3,911,127)**	**(180,205,177)**	(3,911,127)	(191,723,446)
Total other financial assets		**969,736**	**44,680,586**	969,736	47,536,458

(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

	Percentage of equity interest held by the consolidated entity country of incorporation	%	Investment (Provision for diminution) 2020 $	2020 ₹	2019 $	2019 ₹
Technico Asia Holdings Pty Ltd (formerly known as Technico China Pty Ltd)	Australia	100	**3,684,522**	**169,764,351**	3,684,522	180,615,268
			(2,714,786)	**(125,083,765)**	(2,714,786)	(133,078,810)
			969,736	**44,680,586**	969,736	47,536,458
Technico Technologies Inc.	Canada	100	**1,196,341**	**56,317,753**	1,196,341	58,644,636
			(1,196,341)	**(56,317,753)**	(1,196,341)	(58,644,636)
			–	**–**	–	–

	2020 $	2020 ₹	2019 $	2019 ₹
Note 8: Intangible assets				
Non-current				
TECHNITUBER® technology, patents and trademarks at cost	**3,417,861**	**157,477,946**	3,417,471	167,524,429
Less: Accumulated amortisation	**(3,404,615)**	**(156,867,637)**	(3,401,837)	(166,758,050)
	13,246	**610,309**	15,634	766,379
Movement in intangibles				
Balance at beginning of the year	**15,634**	**720,337**	14,161	694,172
Additions	**390**	**17,969**	4,641	227,502
Withdrawals	**–**	**–**	–	–
Amortisation expense	**(2,778)**	**(127,997)**	(3,168)	(155,295)
Balance at the end of the year	**13,246**	**610,309**	15,634	766,379

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2020		2019	
	$	₹	$	₹
Note 9: Trade and other payables				
Current				
Trade creditors	**999,696**	**46,060,993**	963,881	47,249,447
Sundry creditors and accruals	**88,469**	**4,076,209**	32,871	1,611,336
	1,088,165	**50,137,202**	996,752	48,860,783

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

	2020 $	2020 ₹	2019 $	2019 ₹
Ordinary shares fully paid 10,015,502 shares (2019: 10,015,502)	**19,598,046**	**902,979,969**	19,598,046	960,696,215
Share capital redemption	–	–	–	–
Discount on issue	**(108,864)**	**(5,015,908)**	(108,864)	(5,336,513)
	19,489,182	**897,964,061**	19,489,182	955,359,702

(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: Reserves and accumulated losses

	2020 $	2020 ₹	2019 $	2019 ₹
Accumulated losses	**13,076,318**	**604,786,157**	13,076,318	641,000,111
Balance at beginning of year	**13,076,318**	**641,000,111**	14,327,229	717,006,175
Net (profit)/loss attributable to the members of Technico Pty Ltd	**(1,559,121)**	**(74,132,305)**	(1,250,911)	(61,960,749)
Transfer to Reserves- Note 17	**1,559,121**	**74,132,305**	–	–
Exchange rate variance	–	**(36,213,954)**	–	(14,044,315)
Total available for appropriation	**13,076,318**	**604,786,157**	13,076,318	641,001,111
Dividends paid or provided for	–	–	–	–
Balance at end of period	**13,076,318**	**604,786,157**	13,076,318	641,000,111

Note 12: Contingent liabilities

	2020 $	2020 ₹	2019 $	2019 ₹
Estimates of material amounts of contingent liabilities, not provided for in the financial report	–	–	–	–

Note 15: Events subsequent to reporting date

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.

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 repayment 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 TechnicoAgri 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

	2020 $	2020 ₹	2019 $	2019 ₹
Amounts received or due and receivable by auditor:				
Audit of the entity by auditor/group auditor	**12,000**	**570,570**	12,000	594,390
Other services in relation to the entity	**6,000**	**285,285**	7,500	371,494
	18,000	**855,855**	19,500	965,884
Note 17: Reserves				
2020 Profit	**1,559,121**	**74,132,305**	–	–

Profits are set aside for declaration of future dividends.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2020

Your directors submit their Report for the financial year ended 31 March 2020.

Directors

The following directors held office since the start of the financial year until the date of this report:

Ms BhavaniParameswar
Mr David Charles McDonald (Resigned effective 21st April 2020)
Mr Sachidanand Madan

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
Suite 600, Frederick Square,
77 Westmoreland
Fredericton, New Brunswick
E3B 5B4 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$80,765 (previous year C$ 220,268) and posted a net profit of C$ 998 (previous year C$ 62,898). Sale and Profits are lower than last year as field seed production and sale was discontinued and the TECHNITUBER® seed potatoes crop was lower due toa warmer climate in the growing area.

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

The growth of the business has been impacted due to adverse weather conditions &disease pressure which has had far reaching impact for the Seed Potato industry in the province. The business is focussed on increasing sales of Technituber® seed in domestic and export markets to drive sales and profits over the next few years.

Environmental regulation and performance

Your company is not subject to any particular or significant environmental regulation.

Bhavani Parameswar
Director

Place: New Jersey, USA
Date: 5th June 2020

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, 2020 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, 2020, and the results of its operations and its cash flow 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.

June 5, 2020

Fredericton, New Brunswick CHARTERED PROFESSIONAL ACCOUNTANTS

BALANCE SHEET AS AT MARCH 31, 2020

ASSETS

	2020	2020	2019	2019
	$	₹	$	₹
Current Assets				
Cash	128,242	6,807,406	208,660	10,754,336
Accounts receivable	94,099	4,995,010	82,599	4,257,152
Inventory	123,946	6,579,364	65,964	3,399,785
Prepaid expenses	6,926	367,649	5,878	302,952
	353,213	18,749,429	363,101	18,714,225
Property and Equipment (note 4)	50,952	2,704,660	50,269	2,590,864
	404,165	21,454,089	413,370	21,305,089
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	46,992	2,494,453	21,435	1,104,760
Current portion of long-term debt (note 6)	–	–	14,325	738,311
	46,992	2,494,453	35,760	1,843,071
Unamortized Government Assistance (note 5)	–	–	675	34,790
	46,992	2,494,453	36,435	1,877,861
STOCKHOLDER'S EQUITY				
Capital Stock (note 9)	1,139,574	60,491,437	1,160,334	59,803,614
Deficit	(782,401)	(41,531,801)	(783,399)	(40,376,386)
	357,173	18,959,636	376,935	19,427,228
	404,165	21,454,089	413,370	21,305,089

Approved By The Board:

____________________________ Director

STATEMENT OF RETAINED EARNINGS (DEFICIT)
FOR THE YEAR ENDED MARCH 31, 2020

	2020	2020	2019	2019
	$	₹	$	₹
Deficit At Beginning Of Year	(783,399)	(40,376,386)	(846,297)	(42,864,944)
Net Income For The Year	998	52,206	62,898	3,213,772
Change In Unrealized Foreign Exchange During The Year	–	(1,207,621)	–	(725,214)
Deficit At End Of Year	(782,401)	(41,531,801)	(783,399)	(40,376,386)

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2020

	2020	2020	2019	2019
	$	₹	$	₹
Sales	80,765	4,224,921	220,268	11,254,593
Cost of Sales	46,281	2,421,019	110,446	5,643,238
Gross Profit	34,484	1,803,902	109,822	5,611,355
Expenses				
Advertising and trade shows	1,086	56,810	2,988	152,672
Depreciation	2,097	109,697	6,230	318,322
Bank charges	844	44,151	417	21,307
Bad debts	447	23,383	–	–
Insurance	7,641	399,711	8,417	430,067
Interest on long-term debt	–	–	675	34,489
Occupancy costs	7,756	405,726	4,306	220,015
Office and supplies	271	14,176	70	3,577
Professional services	10,360	541,945	9,810	501,242
Staff training	130	6,800	–	–
Telephone	3,405	178,120	3,423	174,898
Vehicle and travel	1,078	56,392	1,064	54,365
Wages and benefits	14,288	747,424	17,556	897,024
	49,403	2,584,335	54,956	2,807,978
	(14,919)	(780,433)	54,866	2,803,377
Other Income				
Government assistance-Interest subsidy	–	–	675	34,489
Net revenue-Support services (note 10)	15,917	832,639	7,357	375,906
	15,917	832,639	8,032	410,395
Net Income For The Year	998	52,206	62,898	3,213,772

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	2020 $	2020 ₹	2019 $	2019 ₹
Cash Provided By (Required For):				
Operating Activities				
Net income for the year	**998**	**52,206**	62,898	3,213,772
Items not affecting cash:				
Amortization of property and equipment	**2,097**	**109,697**	6,230	318,322
Amortization capitalized to inventory	**1,433**	**74,962**	1,454	74,292
Foreign currency fluctuations	**–**	**325,351**	–	207,796
	4,528	**562,216**	70,582	3,814,182
Changes in non-cash operating working capital (note 8)	**(44,970)**	**(2,387,119)**	(33,829)	(1,743,546)
	(40,442)	**(1,824,903)**	36,753	2,070,636
Investing Activities				
Capital expenditures	**(4,216)**	**(223,796)**	–	–
Financing Activities				
Capital stock issuance (redemption)	**(20,760)**	**(1,101,993)**	(11,280)	(581,371)
Repayment of long-term debt	**(14,325)**	**(760,407)**	(14,325)	(738,311)
Unamortized government assistance	**(675)**	**(35,831)**	(675)	(34,790)
	(35,760)	**(1,898,231)**	(26,280)	(1,354,472)
Increase (Decrease) In Cash During The Year	**(80,418)**	**(3,946,930)**	10,473	716,164
Cash Position At Beginning Of Year	**208,660**	**10,754,336**	198,187	10,038,172
Cash Position At End Of Year	**128,242**	**6,807,406**	208,660	10,754,336

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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. 53.0825 (2019 CAD $1 = Rs. 51.54) to the balance sheet and the average annual exchange rate of CAD $1 = Rs. 52.3113 (2019 CAD $1 = Rs. 51.095) 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 $1,433 (2019 $1,454)

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 $271,865 (2019 $271,741).

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, 2020.

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	2020 Net	2019 Net
	$	$	$	$
Land	46,564	-	46,564	46,564
Buildings	293,913	289,624	4,289	931
Equipment	290,202	290,103	99	2,774
	630,679	579,727	50,952	50,269

	Cost	Accumulated Amortization	2020 Net	2019 Net
	₹	₹	₹	₹
Land	2,471,734	-	2,471,734	2,399,909
Buildings	15,601,637	15,373,967	227,670	47,984
Equipment	15,404,648	15,399,392	5,256	142,971
	33,478,019	30,773,359	2,704,660	2,590,864

5. Unamortized Government Assistance

Unamortized government assistance represents the unamortized amount of interest subsidy relative to a non-market rate loan received from the Atlantic Canada Opportunities Agency. The amortization of the loan interest subsidy is recorded as other income in the statement of income.

6. Long-Term Debt

	2020	2020	2019	2019
	$	₹	$	₹
Non-interest bearing loan payable to the Atlantic Canada Opportunities Agency, net of an unamortized fair value discount of $nil (2019 $675) at 4.5%, in annual installments of $15,000, unsecured, paid in full August 2019.	-	-	14,325	738,311
Less current portion	-	-	14,325	738,311

7. Income Taxes

The company has non capital losses for income tax purposes of $868,277 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	11,988,630
2027	283,750	15,062,159
2028	214,636	11,393,415
2030	115,010	6,105,018
2031	12,550	666,185
2032	7,695	408,470
2040	8,787	466,436
	868,277	46,090,315

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.

8. Changes In Non-Cash Operating Working Capital

	2020	2020	2019	2019
	$	₹	$	₹
Accounts receivable	(11,500)	(610,449)	(52,748)	(2,718,632)
Inventory	(57,982)	(3,077,830)	24,928	1,284,789
Prepaid expenses	(1,048)	(55,630)	(29)	(1,495)
Accounts payable and accrued liabilities	25,560	1,356,790	(5,980)	(308,208)
	(44,970)	(2,387,119)	(33,829)	(1,743,546)

9. Capital Stock

	2020	2020	2019	2019
	$	₹	$	₹
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	57,753,654	1,087,998	56,075,417
51,576 Class A preferred shares (2019 - 72,336 shares)	51,576	2,737,783	72,336	3,728,197
	1,139,574	60,491,437	1,160,334	59,803,614

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 20,760 Class A preferred shares for $20,760 (2019 11,280 Class A preferred shares for $11,280).

10. Net Revenue - Support Services

	2020	2020	2019	2019
	$	₹	$	₹
Revenue	182,820	9,563,552	89,788	4,587,718
Expenses				
Wages and benefits	162,124	8,480,917	77,674	3,968,753
Office rent	4,779	249,996	4,757	243,059
	166,903	8,730,913	82,431	4,211,812
Net Revenue - Support services	15,917	832,639	7,357	375,906

Support services revenue is generated entirely from ITC Infotech (USA) Inc., a wholly owned subsidiary of ITC Infotech India Limited, which in turn, is a wholly owned subsidiary company of ITC Limited, which is the ultimate parent company of Technico Technologies Inc. (Canada) and the parent company of Technico Pty Limited (Australia). These related party transactions are recorded at the exchange amount as established and agreed to by the related parties and are subject to normal trade terms.

11. Subsequent Event

On March 11, 2020, the World Health Organization characterized the outbreak of a 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 2020

Your directors present their report on the company for the financial year ended 31 March 2020.

Directors

The names of the 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

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:

49 Bowral 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.

Review and results of operations

During the year, the company earned a profit of A$ Nil [2019: nil].

Significant events after balance date

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.

Environmental regulation and performance

The company is not subject to any particular or significant environmental regulation.

Indemnification and insurance of directors and auditor

Indemnification

The company has not, during or since the financial year, indemnified or agreed to indemnify a current or former director or officer or auditor of the company or of any related body corporate against a liability incurred whilst engaged as a director or officer or auditor.

Insurance

The company has not, during or since the financial year, paid any insurance premium or agreed to pay a premium insuring director, officers and auditors of the company against liabilities for costs and expenses incurred in defending civil or criminal proceedings.

Auditor independence

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 31 March 2020 has been received and is included in the financial report.

Signed in accordance with a resolution of the Board of Directors:

Allan Hendry
Director

Place: Sydney, Australia
Date: 9th June 2020

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH 2020

In accordance with a resolution of the directors of Technico Asia Holdings Pty Limited, we state that in the opinion of the directors:

(a) the company is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's financial position as at 31 March 2020 and of their performance for the year ended on that date;

  (ii) complying with Accounting Standards stated in Note 1 and Corporations Regulations; and

(c) 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:

Allan Hendry
Director

Place: Sydney, Australia
Date: 9th June 2020

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of the Technico Asia Holdings Pty Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2020 there has been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

b) 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
Date: 9th June 2020

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 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cashflow 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 is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 31 March 2020 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and 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 *Corporations Act 2001*, 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.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 31 March 2020, 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to 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 under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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 described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and 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 a 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
Date: 9th June 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

		2020		2019	
	Notes	$	₹	$	₹
Continuing operations					
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 revenues/(expenses) from ordinary activities		–	–	–	–
Profit from continuing operations before income tax expense		–	–	–	–
Income tax expense		–	–	–	–
Net profit attributable to members of Technico Asia Holdings Pty Ltd		–	–	–	–

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020 $	2020 ₹	2019 $	2019 ₹
Current assets					
Cash and cash equivalents		–	–	–	–
Trade and other receivables		–	–	–	–
Inventories		–	–	–	–
Other		–	–	–	–
Total current assets		–	–	–	–
Non-current assets					
Receivables		–	–	–	–
Other financial assets	2	969,736	44,680,586	969,736	47,536,458
Property, plant and equipment		–	–	–	–
Intangible assets		–	–	–	–
Total non-current assets		969,736	44,680,586	969,736	47,536,458
Total assets		969,736	44,680,586	969,736	47,536,458
Current liabilities					
Trade and other payables		–	–	–	–
Loans and borrowings		–	–	–	–
Provisions		–	–	–	–
Total current liabilities		–	–	–	–
Non-current liabilities					
Interest free loans and borrowings		–	–	–	–
Provisions		–	–	–	–
Total non-current liabilities		–	–	–	–
Total liabilities		–	–	–	–
Net assets		969,736	44,680,586	969,736	47,536,458
Equity					
Contributed equity	3	3,684,522	169,764,351	3,684,522	180,615,268
Accumulated losses	4	(2,714,786)	(125,083,765)	(2,714,786)	(133,078,810)
Total equity		969,736	44,680,586	969,736	47,536,458

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020

	Contributed equity $	Retained earnings $	Total $
At 1 April 2018	3,684,522	(2,714,786)	969,736
Total Comprehensive income for the period	–	–	–
At 31 March 2019	3,684,522	(2,714,786)	969,736
Total Comprehensive income for the period	–	–	–
At 31 March 2020	3,684,522	(2,714,786)	969,736

	Contributed equity ₹	Retained earnings ₹	Total ₹
At 1 April 2018	184,391,903	(135,861,465)	48,530,438
Unrealised exchange gain/(loss)	(3,776,635)	2,782,655	(993,980)
At 31 March 2019	180,615,268	(133,078,810)	47,536,458
Unrealised exchange gain/(loss)	(10,850,917)	7,995,045	(2,855,872)
At 31 March 2020	169,764,351	(125,083,765)	44,680,586

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 $	2020 ₹	2019 $	2019 ₹
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 period		–	–	–	–

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020

Note 1: Statement of significant accounting policies

(a) Basis of preparation and going concern

The financial report is a special purpose financial report prepared for distribution to members of the company to fulfil the directors' financial reporting requirements under Chapter 2M of the Corporations Act 2001. 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 46.075 for the current year balance sheet (2019: INR 49.0200) and the average rate of 1 AUD = INR 47.5475 for the current year income statement and cash flow statement (2019: INR 49.5325), and have been included in the financial report as required by the parent entity.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1054 Australian Additional Disclosures.

Even though the entity is small proprietary, 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 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) 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.

	2020 $	2020 ₹	2019 $	2019 ₹
Note 2: Other financial assets				
Non-current				
Shares in subsidiaries:				
At cost	**3,684,522**	**169,764,351**	3,684,522	180,615,268
Provision for write-down	**(2,714,786)**	**(125,083,765)**	(2,714,786)	(133,078,810)
Total other financial assets	**969,736**	**44,680,586**	969,736	47,536,458

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.

	Percentage of equity interest held by country of incorporation		2020		2019	
		%	$	₹	$	₹
Technico Horticultural (Kunming) Co Ltd	China	100	**3,684,522**	**169,764,351**	3,684,522	180,615,268
			(2,714,786)	**(125,083,765)**	(2,714,786)	(133,078,810)
			969,736	**44,680,586**	969,736	47,536,458

	2020		2019	
	$	₹	$	₹
Note 3: Contributed equity				
Issued and paid up capital				
3,684,522 Ordinary shares fully paid	**3,684,522**	**169,764,351**	3,684,522	180,615,268

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: Reserves and accumulated losses

	2020 $	2020 ₹	2019 $	2019 ₹
Accumulated losses				
Balance at beginning of year	**(2,714,786)**	**(125,083,765)**	(2,714,786)	(133,078,810)
Net profit attributable to the members of Technico Asia Holdings Ltd	–	–	–	–
Total available for appropriation	**(2,714,786)**	**(125,083,765)**	(2,714,786)	(133,078,810)
Dividends paid or provided for	–	–	–	–
Aggregate amount transferred (to)/from reserves	–	–	–	–
Balance at end of period	**(2,714,786)**	**(125,083,765)**	(2,714,786)	(133,078,810)

Note 5: Events subsequent to reporting date

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.

MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Your management submits its report for the financial year ended 31 December 2019.

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 5,407,385 (2018: CNY 4,306,532) and posted a profit of CNY 880,890 (2018: CNY 614,966). Higher sales have led to improved financial performance in the year under review.

In view of the accumulated losses, no dividend has been paid or declared during the financial year.

Auditors

The Company has engaged M/s Ruihua Certified Public Accountant (LLP) Yunnan 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: 9th June 2020

INDEPENDENT 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 2019, 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 Enterprises Accounting Standards of China and presented fairly, in all material respects, the financial position of Technico Horticultural (Kunming) Co., Ltd. as at 31 December 2019, 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.

Ruihua Certified Public Accountant(LLP) Yunnan Branch

Chinese Certified Public Accountants:

Chinese Certified Public Accountants:

Kunming, The People's Republic of China

Date: 9th June 2020

BALANCE SHEET AS ON 31ST DECEMBER 2019

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	31-Dec-18 CNY	31-Dec-18 INR	31-Dec-19 CNY	31-Dec-19 INR
CURRENT ASSETS :	1				
Cash and cash equivalents	2	62,38,502	6,32,55,290	**71,70,293**	**7,35,35,658**
Transaction monetary assets	3	–	–		–
Short-term investments	4	–	–		–
Notes receivable	5	–	–		–
Accounts receivable	6	30,65,455	3,10,82,178	**40,58,631**	**4,16,23,698**
Advance to suppliers debts	7	–	–		–
Dividend receivable	8	–	–		–
Interest receivable	9	20,297	2,05,802	**38,600**	**3,95,862**
Other notes receivable	10		–		–
Inventoriesns	11	11,67,744	1,18,40,337	**4,27,529**	**43,84,564**
Including : Raw materials	12	–	–		–
Finished goods	13	8,41,452	85,31,901	**1,01,237**	**10,38,245**
In one year expired noncurrent assets	14	–	–		–
Other current assets	15	14,436	1,46,376	**15,018**	**1,54,014**
Total current assets	16	1,05,06,433	10,65,29,982	**1,17,10,070**	**12,00,93,795**
NONCURRENT 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	2,56,96,144	26,05,46,051	**2,57,17,796**	**26,37,51,429**
Less : Accumulated depreciations	26	2,29,84,255	23,30,48,851	**2,33,24,931**	**23,92,11,160**
Fixed assets-net value	27	27,11,889	2,74,97,200	**23,92,865**	**2,45,40,268**
less : Fixed assets depreciation reserves	28	–	–		–
Fixed assets-net equity	29	27,11,889	2,74,97,200	**23,92,865**	**2,45,40,268**
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	12,09,131	1,22,59,986	**11,68,144**	**1,19,80,015**
Including : right to use land	36	12,09,131	1,22,59,986	**11,68,144**	**1,19,80,015**
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	39,21,020	3,97,57,186	**35,61,009**	**3,65,20,283**
TOTAL ASSETS	46	1,44,27,454	14,62,87,168	**1,52,71,079**	**15,66,14,079**
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	1,03,958	10,54,085	**1,24,508**	**12,76,908**
Including : accrued wages	55	1,03,958	10,54,085	**1,24,508**	**12,76,908**
accrued welfarism	56	–	–		–
Including: staff and worker' bonus and welfare fund	57	–	–		–

BALANCE SHEET AS ON 31ST DECEMBER 2019 (Contd.)

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	31-Dec-18		31-Dec-19	
		CNY	INR	CNY	INR
Taxes and dues payable	58	–	–	2,149	22,041
Including : Taxes payable	59	–	–	2,149	22,041
Interest payable	60	–	–		–
Dividends payable	61	–	–		–
Other payables	62	2,52,154	25,56,720	1,92,191	19,71,032
Due within one year of noncurrent liabilities	63	–	–		–
Other current liabilities	64	–	–		–
Total current liabilities	65	3,56,113	36,10,805	3,18,848	32,69,981
NONCURRENT LIABILITIES	66	–	–		–
Long-term loans	67	–	–		–
Bonds payable	68	–	–		–
Long-term account payable	69	–	–		–
Special payable	70	–	–		–
Projected liabilities	71	–	–		–
Deferred income tax liabilities	72	–	–		–
Deferred taxes credit	73	–	–		–
Other noncurrent liabilities	74	–	–		–
Including : special reserve fund	75	–	–		–
Total non-current liabilities	76	–	–		–
Total liabilities	77	3,56,113	36,10,805	3,18,848	32,69,981
OWNERS' EQUITY	78	–	–		–
Practical capital collected (or share capital)	79	1,90,13,598	19,27,88,377	1,90,13,598	19,49,95,856
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	19,27,88,377	1,90,13,598	19,49,95,856
Less : Investment returned	87	–	–	–	–
Net paid in capital	88	1,90,13,598	19,27,88,377	1,90,13,598	19,49,95,856
Capital reserves	89	42,667	4,32,618	42,667	4,37,571
Less : treasury stock	90	–	–		–
Surplus reserves	91	–	–		–
Including : Legal surplus	92	–	–		–
Free surplus reserves	93	–	–		–
Reserve fund	94	–	–		–
Enterprise expension fund	95	–	–		–
Profits capitalized on return of investment	96	–	–		–
Unaffirmed investment loss	97	–	–		–
Undistributed profit	98	-49,84,924	-1,65,92,740	-41,04,034	-76,09,780
Including : cash dividends	99	–	–		–
*Margin of Translation of Foreign Currency Financial Statements	100	–	-3,39,51,891		-3,44,79,549
Total equity attributable to equity holders of the Parent	101	1,40,71,341	14,26,76,363	1,49,52,231	15,33,44,098
*minority stockholder's interest	102	–	–		–
Total owners' equity	103	1,40,71,341	14,26,76,363	1,49,52,231	15,33,44,098
Less : assets loss	104	–	–		–
Total owners' equity : net value less loss on assets)	105	1,40,71,341	14,26,76,363	1,49,52,231	15,33,44,098
TOTAL LIABILITIES AND OWNERS' EQUITY	106	1,44,27,454	14,62,87,168	1,52,71,079	15,66,14,079

Income statement and profit appropriation 2019

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	2019		2018	
		CNY	INR	CNY	INR
Income for main business	1	**54,07,385**	**5,51,42,346**	43,06,532	4,29,57,230
Less: cost of main business	2	**42,47,834**	**4,33,17,708**	31,26,846	3,11,89,978
Taxation and additional of main	3	–	–	–	–
Main business profit	4	**11,59,551**	**1,18,24,638**	**11,79,686**	**1,17,67,252**
Add: other profit	5	–	–	–	–
Less: Operating expenses	6	**1,74,402**	**17,78,483**	1,63,571	16,31,604
Management expenses	7	**2,18,183**	**22,24,943**	2,90,471	28,97,419
Including : Business entertainment	8	–	–	–	–
Research and development expense	9	–	–	–	–
Financial Expenses	10	**-1,18,659**	**-12,10,038**	-5,309	-52,954
Including : Interest exchange	11		-	-	-
Interest income	12	**1,00,851**	**10,28,433**	71,278	7,10,987
Foreign exchange profit and loss	13	**-18,819**	**-1,91,904**	64,934	6,47,711
Operation Profit	14	**8,85,625**	**90,31,250**	7,30,953	72,91,182
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	–	–	510	5,087
Including : income from disposal of long term assets	19		–	–	–
Income from non-monetary assets exchange	20	–	–	–	–
Government grands (subsidy income)	21	–	–	–	–
Income from debt restructuring	22	–	–	–	–
Less: Non-operating expenses	23	**4,735**	**48,289**	1,16,497	11,62,045
Including : Loss on disposal of long-term assets	24	–	–	–	–
Loss on non-monetary assets exchange	25	–	–	–	–
Loss on debt restructuring	26	–	–	–	–
Total Profit	27	**8,80,890**	**89,82,961**	6,14,966	61,34,224
Less: Income tax	28	–	–	–	–
Net Profit	29	**8,80,890**	**89,82,961**	6,14,966	61,34,224
Add:Undistributed Profit at the beginning of year	30	**-49,84,924**	**-5,08,34,256**	-55,99,889	-5,58,58,337
Other transfer-in	31	–	–	–	–
Profit available for distribution	32		–	–	–
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	**-41,04,034**	**-4,18,51,295**	-49,84,924	-4,97,24,113
Less: Appropriated profit	38		–	–	–
Common stock turn to capital	39		–	–	–
Undivided Profit	40	**-41,04,034**	**-4,18,51,295**	-49,84,924	-4,97,24,113
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				

STATEMENT OF CASHFLOW FOR THE YEAR 2019
Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	2018		2019	
		CNY	INR	CNY	INR
1. Cash Flow from Operating Activities:	1				
Cash from selling commodities or offering labor	2	52,77,214	5,41,20,997	45,97,493	4,71,50,046
Refund of tax and fee received	3			–	–
Other cash received related to operating activities	4	66,311	6,80,061	88,711	9,09,784
Cash Inflow Subtotal	5	53,43,525	5,48,01,058	46,86,204	4,80,59,830
Cash paid for commodities or labor	6	9,66,555	99,12,604	9,97,956	1,02,34,638
Cash paid to and for employees	7	19,95,352	2,04,63,537	19,51,961	2,00,18,527
Taxes and fees paid	8	2,36,042	24,20,757	1,68,504	17,28,114
Other cash paid related to operating activities	9	2,63,110	26,98,355	4,67,132	47,90,717
Cash Outflow Subtotal	10	34,61,061	3,54,95,253	35,85,553	3,67,71,995
Cash flow generated from operating activitiesNet Amount	11	18,82,465	1,93,05,805	11,00,651	1,12,87,834
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	20,500	2,10,240	11,769	1,20,701
Other cash received related to investing activities	17		–		–
Cash Inflow Subtotal	18	20,500	2,10,240	11,769	1,20,701
Cash paid for buying fixed assets: intangible assets and other long-term investm	19	–	–	1,80,999	18,56,255
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	–	–	1,80,999	18,56,255
Cash flow generated from investing activities Net Amount	24	20,500	2,10,240	-1,69,230	-17,35,554
3. Cash Flow from Financing Activities	25				–
Cash received from accepting investment	26				–
Including: cash inflows from minority investment in subsidiaries	27				–
Borrowings	28				–
Other cash received related to financing activities	29				–
Cash Inflow Subtotal	30				–
Cash paid for debt	31				–
Cash paid for dividend : profit or interest	32				–
Including: dividends and earnings paid to minorities by subsidiaries	33				–
Other cash paid related to financing activities	34				–
Cash Outflow Subtotal	35				–
Cash flow from financing activities Net Amount	36				–
4. Foreign Currency Translation Gains: Losses :	37	546	5,595	370	3,798
5. Net Increase of Cash and Cash Equivalents	38	19,03,510	1,95,21,639	9,31,791	95,56,078
Add: cash and cash equivalents beginning bal.	39	43,34,992	4,44,57,941	62,38,502	6,39,79,580
6 cash and cash equivalents ending bal.	40	62,38,502	6,39,79,580	71,70,293	7,35,35,658

STATEMENT OF CASHFLOW (II) 2019

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO.	2019 CNY	2019 INR	2018 CNY	2018 INR
Supplementary Information	1				
1. Reconciliation of Net Profit to Cash Flow from Operating Activities:	2				
Net Profit	3	**8,80,871.78**	**90,33,868.63**	6,14,965.93	62,35,447.05
Add:Impairment losses on assets	4	**5,008.74**	**51,367.63**	-3,647.14	-36,980.18
Depreciation of fixed assets	5	**5,00,079.29**	**51,28,613.17**	4,77,676.86	48,43,404.52
Amortisation of intangible assets	6	**40,987.50**	**4,20,351.41**	40,987.50	4,15,592.76
Amortisation of long-term deferred expenses	7				
Decrease (increase) in deferred expenses	8			151.35	1,534.61
Increase (decrease) in accrued expenses	9				
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	10	**-11,769.23**	**-1,20,700.52**	1,16,496.89	11,81,220.22
Losses on write-off of fixed assets	11				
Finance expense (income)	12			545.51	5,531.20
Losses (gains) arising from investments	13				
Deferred tax credit (debit)	14				
Decrease (increase) in inventories	15	**7,40,198.05**	**75,91,175.12**	-1,66,044.34	-16,83,606.59
Decrease (increase) in receivables under operating activities	16	**-10,12,042.46**	**-1,03,79,102.65**	7,20,210.69	73,02,576.29
Increase (decrease) in payables under operating activities	17	**-42,682.86**	**-4,37,738.34**	81,121.41	8,22,530.54
Others	18				
Net cash flow from operating activities	19	**11,00,650.81**	**1,12,87,834.45**	18,82,464.67	1,90,87,250.47
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	**71,70,293.13**	**7,35,35,658.22**	62,38,501.87	6,32,55,289.71
Less: Cash at the beginning of the year	25	**62,38,501.87**	**6,39,79,579.78**	43,34,991.70	4,39,54,648.34
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	**9,31,791.26**	**95,56,078.45**	19,03,510.17	1,93,00,641.37

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 board of directors 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

(1) Accounting regulations

The Company implements "The Accounting Standards for Enterprises" and "The Accounting Regulations of Enterprises" and the supplementary stipulate.

(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 in currency and conversion to known-account cashes, are of little value fluctuations.

(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 at the balance sheet. The aging receivable account method is made as follows:

a. Within 1 year, at 0.5 percent on the amount of the part;

b. 1-2 year, at 10 percent on the amount of the part;

c. 2-3 year, at 30 percent on the amount of the part.

If any receivable is evidently different from the others, the specific identification method is made for the 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 obsolescence, or market price 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.

(9) Fixed assets and depreciation

Fixed assets are recorded based on the actual cost. At the inception of a lease, the fixed assets 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 yuan and the 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 and residual value, annual depreciation rate are as follows:

Category	Estimated useful life	Annual depreciation rate	Residual value
House and building	20years	4.50%	10.00%
Production equipment	10years	9.00%	10.00%
Motor vehicle	5years	18.00%	10.00%
Office equipment and other	5years	18.00%	10.00%

Provision for impairment: At the end of each period, The Company examines its fixed assets and if market value of the fixed asset has declined continually, become obsolete in technology, been not in use in the long term, or been damage, and the recoverable amount of the fixed asset is less than its carrying amount, the provision for impairment is determined according to the difference of the recoverable amount of the fixed asset lower than 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 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 law also stipulate the effective period, the amortization period is not longer than the shorter of the beneficial period and the effective period.

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.

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 as gain or loss the current period.

The Company reviews the carrying amount of the intangible asset at the end of each period. The difference of the expected receivable amount lower than the carrying amount of the intangible asset is recognized 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 in 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 in the month starting the operating

(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 the 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 year, 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, 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	10,753.98	7,999.16
Cash in bank	7,159,539.15	6,230,502.71
Total	7,170,293.13	6,238,501.87

(2) Account receivable

Aging	Ending Balance			Beginning Balance		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within 1 year	4,079,026.31	100.00	20,395.13	3,080,858.99	100.00	15,404.30
Total	4,079,026.31	100.00	20,395.13	3,080,858.99	100.00	15,404.30

(3) Inventories and provision for loss on realization of inventory

	Ending balance	Beginning balance
Work-in-progress	326,291.82	326,291.82
Finished goods	101,236.90	1,471,451.82
Total	427,528.72	1,797,743.64
Less: Provision for loss on realization of inventory		630,000.00
Total	427,528.72	1,167,743.64

(4) Fixed assets

Item	Beginning balance	Increase of this year	Decrease of this year	Ending book balance
(1) Total original book value	25,696,143.88	180,999.12	159,347.00	25,717,796.00
Including: Houses and building	11,705,911.00			11,705,911.00
Production equipment	13,499,626.72	12,500.00		13,512,126.72
Transportation	159,347.00	168,499.12	159,347.00	168,499.12
Office and other equipment	331,259.16			331,259.16
(2) Total accumulated Depreciation	22,984,254.76	484,088.35	143,412.31	23,324,930.80
Including: Houses and building	10,617,863.87	11,550.00		10,629,413.87
Production equipment	11,921,665.57	462,007.15		12,383,672.72
Transportation	143,412.31	10,531.20	143,412.31	10,531.20
Office and other equipment	301,313.01			301,313.01
(3) Total net book value	2,711,889.12			2,392,865.20
Including: Houses and building	1,088,047.13			1,076,497.13
Production equipment	1,577,961.15			1,128,454.00
Transportation	15,934.69			157,967.92
Office and other equipment	29,946.15			29,946.15
(4) Total impairment provision				
Including: Houses and building				
Production equipment				
Transportation				
Office and other equipment				
(5) Total book value	2,711,889.12			2,392,865.20
Including: Houses and building	1,088,047.13			1,076,497.13
Production equipment	1,577,961.15			1,128,454.00
Transportation	15,934.69			157,967.92
Office and other equipment	29,946.15			29,946.15

(5) Intangible assets

Item	Beginning balance	Increase of this year	Decrease of this year	Ending balance
(1) Total original price	2,049,375.00			**2,049,375.00**
Including:Land use rights	2,049,375.00			**2,049,375.00**
(2) Total accumulated amortization	840,243.75	40,987.50		**881,231.25**
Land use rights	840,243.75	40,987.50		**881,231.25**
(3) Total impairment provision				
Including:Land use rights				
(4) Total book value	1,209,131.25			**1,168,143.75**
Including:Land use rights	1,209,131.25			**1,168,143.75**

(6) Other payables

Aging	Ending balance	Beginning balance
Within 1 year (including 1 year)	**192,190.85**	252,154.40
1-2 years (including 2 years)		
2-3 years (including 3 years)		
Over 3 years		
Total	**192,190.85**	252,154.40

(7) Paid-in capital

Investors	Beginning balance		Ending balance	
	Shareholding percentage	Contributed amount	Shareholding percentage	Contributed amount
Technico Asia Holdings Pty Limited	100.00	19,013,598.02	**100.00**	**19,013,598.02**
Total	100.00	19,013,598.02	**100.00**	**19,013,598.02**

(8) Capital surplus

Item	Beginning balance	Increase of this year	Decrease of this year	Ending balance	Change reason
Translation reserve	42,666.57			**42,666.57**	
Total	42,666.57			**42,666.57**	

(9) Retained Earning

Items	Ending balance
Undistributed Profit at the beginning of year	**-4,984,923.51**
Add: Net Profit	**880,889.70**
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	**-4,104,033.81**

(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	**5,407,384.70**	4,306,532.37	**4,247,833.60**	3,126,846.20
Total	**5,407,384.70**	4,306,532.37	**4,247,833.60**	3,126,846.20

(11) Finance expense

	Amount incurred this year	Amount incurred last year
Interest expense		
Less: Interest income	**100,850.54**	71,277.56
Foreign exchange loss	**66,341.22**	155,481.10
Less: Foreign exchange gain	**85,159.79**	90,546.99
Bank fee	**1,010.00**	1,034.77
Total	**-118,659.11**	-5,308.68

5. **Contingencies**

   Up to 31 December 2019, there are no material contingencies for the Company.

6. **Promised events**

   Up to 31 December 2019, there are no material promised events for the Company.

7. **Non-adjusting events subsequent to the balance sheet date**

   Not material non-adjusting events subsequent to the balance sheet date for the Company.

8. **Other material events stated**

   Up to 31 December 2019, there are no other material matters specially stated for the Company.

DIRECTORS REPORT

Your Directors are pleased to submit their Report and the Audited Accounts of your Company for the year ended 31st Asadh, 2076 (16th July, 2019).

SOCIO ECONOMIC AND REGULATORY ENVIRONMENT

The political environment in Nepal remained stable during the year under review. It is anticipated that the federal structure of governance along with restructured public institutions, regulatory and fiscal frameworks will go a long way in fostering the holistic development of the country.

Real GDP growth for the year under review is estimated at 7.1% compared to 6.7% in the previous year. The improvement in growth rate was aided primarily by good monsoon, improved power supply, strong growth in retail, hotel and restaurant sectors driven by an uptick in tourist arrivals and higher inward remittances. After being severely impacted by the devastating earthquake and trade disturbances in 2015-16, GDP has grown above 6% per annum for the last three consecutive years. The pick-up in growth momentum is likely to spur investments, both foreign and domestic, that would in turn enable the country to sustain a high growth trajectory going forward.

On the external account, the Trade Deficit widened by 13.5% to NRs. 1321 (₹ 826) Billion during the year mainly due to increase in import of petroleum products, electrical goods and machineries. The Current Account Deficit remained high at 7.7% of GDP (previous year: 8.2%) while the Balance of Payments position turned negative to 1.9% of GDP (previous year: +0.03%) despite higher inward remittances which grew by 16.5% (previous year: 8.6%) to NRs. 879 (₹ 549) Billion during the year. The government has taken various initiatives to curb the exponential growth of imports and promote domestic production to address the high Current Account Deficit and negative Balance of Payments situation.

The Government of Nepal continues to focus on policies and reforms to promote the country as an attractive investment and tourist destination. The year under review saw, amongst others, the introduction of the new Foreign Investment and Technology Transfer Act, Public Private Partnership and Investment Act and Industrial Enterprises Rules. Initiatives such as the 'Nepal Investment Summit', 'Visit Nepal 2020', construction of two new international airports and establishment of the Nepal Infrastructure Bank to provide long-term financing for large projects are also steps in the right direction. However, policy measures and regulations that support non-equity modes of investments such as technology transfer and contract manufacturing, contemporisation of 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 would go a long way in enhancing the competitiveness and ease of doing business.

While political stability, structural reforms and initiatives augur well for the economy, the legal cigarette industry, a major contributor to the manufacturing sector of the country, continues to face the brunt of an increasingly stringent regulatory framework and a punitive taxation regime.

During the year under review, the legal cigarette industry was severely impacted by steep increase in Excise Duty coupled with introduction of Health Risk Tax. While overall tax incidence on cigarettes rose by 42%, the Plains segment had to contend with an unprecedented hike of 87%. The situation was exacerbated by a further increase of 10% in Excise Duty on cigarettes announced in the FY19-20 Budget, further widening the significant gap in tax incidence between cigarettes and other tobacco products. It is pertinent to note that taxes on cigarettes have more than doubled in all segments and nearly trebled in the Plains segment during the last five years. Consequently, tax incidence on cigarettes is currently about three times higher than that on other tobacco products such as gutka, khaini, bidi etc. Such consecutive and steep increase in duties will adversely impact the legal cigarette industry in Nepal and drive consumption of tobacco to other tax inefficient and illegal tobacco products, and thereby sub-optimise the revenue potential of the sector.

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 largely in the unorganised sector, which is prone to tax evasion, leading to major challenges in revenue administration. During the year, the Department of Revenue Investigation (DRI) carried out seizures and confiscated illegal smokeless tobacco products across the country and filed cases against manufacturers of such products with demands in excess of NRs. 87 (₹ 54) Crores.[1] Most of these products escape regulatory oversight and tend to be manufactured in unhygienic conditions with ingredients of questionable quality, thereby undermining the health objectives of tobacco control.

High tax incidence on cigarettes has also created an extremely lucrative arbitrage opportunity for trade in illicit cigarettes in the country which are offered to consumers at considerably lower prices compared to legal cigarettes. The mushrooming of counterfeits of domestic brands of cigarettes has aggravated the problem. During the year under review, Inland Revenue Offices seized counterfeit stocks of your Company's established brands like Shikhar and Khukuri. Various media reports have also confirmed the widespread availability of smuggled international brands, posing a serious threat to the domestic legal cigarette industry, adversely impacting revenue collections and undermining the tobacco control policies of the government.

In addition to the discriminatory and punitive taxation regime as aforestated, the tobacco regulatory framework in Nepal continues to stifle the legal cigarette industry. As per the provisions of the Tobacco Products Control and Regulation Act (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 in Nepal translates virtually to 100% coverage of the principal display area of the cigarette packet, making it one of the most stringent in the world. The 75% GHWs impede the legal cigarette industry from providing comprehensive brand information on the cigarette packet and prevent consumers from making fully informed choices across brands. This results in commoditising the market, making price the prime driver of consumer choice, thereby increasing the consumption of cheap smuggled cigarettes and 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 the three countries that account for about 51% of the world's cigarette consumption, viz. USA, Japan and China have not adopted graphical health warnings and have prescribed only text-based warnings on cigarette packets. Whilst the legal cigarette industry complies with all statutes, smuggled international cigarette brands do not bear the GHW required under Nepalese laws. 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 to 90% will provide a further 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 is pertinent to note 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 previous years, the new Directive to print 90% GHW has been challenged by domestic cigarette manufacturers, 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, the Company continues to print 75% GHW on cigarette packages manufactured by it.

In a related development during the year, the Gandaki Province enacted the Tobacco Products (Control & Regulatory) Act, 2076 (Provincial TOPCA), which is applicable only in the said province. This is in addition to the Tobacco Products (Control & Regulatory) Act, 2068 enacted by the Federal Government (Federal TOPCA), which is in force throughout the country. Tobacco control is a matter that falls under health policy, which as per the Constitution is within the exclusive jurisdiction of the Federal Government. In addition to having been enacted beyond jurisdiction, several provisions of Provincial TOPCA are inconsistent with those under Federal TOPCA. With respect to GHW, whereas Federal TOPCA mandates coverage of at least 75% of the total surface area of the cigarette packet, Provincial TOPCA mandates at least 90% coverage. Further, under Federal TOPCA, GHW are to be prescribed by the Federal Ministry of Health and Population while under Provincial TOPCA, the same are to be prescribed by the Ministry of Social Development of Gandaki Province. These conflicting provisions with respect to GHW under Federal TOPCA and Provincial TOPCA have rendered compliance with both the laws at the same time impossible. Moreover, Provincial TOPCA by virtue of requiring province specific packaging will impede the inter-state trade and commerce in the country. The enactment of Provincial TOPCA has since been challenged by the Company and is under consideration of the Supreme Court.

The 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;

[1] Press release dated 12th Asadh, 2076 from DRI

- contributing around 10% 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 sector GDP of the country.

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. Moderation in taxes is critical for addressing the interests of all the stakeholders of this industry, including the tobacco farmers, the Exchequer and the consumers.

COMPANY PERFORMANCE

Your Company posted Gross Revenue of NRs. 3747 (₹ 2342) Crores for the year ended 31st Asadh, 2076 against NRs. 3337 (₹ 2086) Crores during the previous year. Profit Before Tax increased to NRs. 1438 (₹ 899) Crores from NRs. 1353 (₹ 846) Crores during the previous year. Profit for the year (after Tax expense and allocation towards Corporate Social Responsibility) stood at NRs. 989 (₹ 618) Crores [previous year: NRs. 918 (₹ 574) Crores]. Total Comprehensive Income for the year stood at NRs. 990 (₹ 619) Crores [previous year: NRs. 915 (₹ 572) Crores]. Earnings per share for the year stood at NRs. 490 (₹ 306) [previous year: NRs. 455 (₹ 284)]. Net cash flows from operations aggregated NRs. 1158 (₹ 724) Crores compared to NRs. 866 (₹ 541) Crores in the previous year.

CONTRIBUTION TO THE EXCHEQUER

Your Company remains one of the largest contributors to the Exchequer, accounting for about 3% of the total revenues of the Government. For the year under review, the Company contributed NRs. 2326 (₹ 1454) 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 [previous year: NRs. 1929 (₹ 1206) Crores]. The Company's Excise Duty contribution to the Exchequer constitutes about 10% of the Government's total Excise revenue while its VAT and Income Tax contributions constitute nearly 2% of the Government's total VAT & Income Tax revenue.

DIVIDEND

The Board of Directors declared an Interim Dividend of NRs. 81 (₹ 51) per Ordinary Share for the year ended 31st Asadh, 2076. The total cash outflow on this account will amount to NRs. 163.30 (₹ 102.06) Crores. All dividends have been paid within the prescribed period and there are no unclaimed dividends lying with your Company.

Your Board has also recommended a Final Dividend of NRs. 408 (₹ 255) per Ordinary Share, which if approved, will take the total Dividend for the year to NRs. 489 (₹ 306) per Ordinary Share.

FAST MOVING CONSUMER GOODS (FMCG) BUSINESSES

- **CIGARETTES**

  As stated earlier, the Business had to contend with a steep increase in tax incidence on cigarettes during the year. Despite the extremely challenging operating environment, the Company reinforced its market standing by leveraging its strong portfolio of offerings, superior product quality aided by a deep and wide distribution network. The product portfolio was augmented during the year with the launch of differentiated and innovative offerings such as Surya 24 Carat Arctic Burst and Shikhar Ice Rush. The relentless focus on developing world-class products anchored on innovation and benchmarked international quality standards is a key source of sustainable competitive advantage for your Company.

  The manufacturing systems of your Company continued to set benchmarks in Responsiveness, Quality and Productivity. Quality processes and hygiene standards were further strengthened during the year.

- **OTHER FMCG**

  AGARBATTI

  Your Company continued to strengthen its market standing by investing in building brand salience, generating trials and enhancing distribution in target markets across the country leveraging its trade marketing and distribution infrastructure. The portfolio currently straddles all segments, offering consumers a choice of multiple fragrances, price points and packaging formats. The supply chain was successfully scaled up to cater to the increased demand while ensuring continuous improvement in product quality. In keeping with its commitment to augment societal capital, Company continues to strengthen its relationships with small and medium enterprises, which provide employment opportunities to the economically deprived sections of society.

  SAFETY MATCHES

  During the year, your Company enhanced its market standing and leadership position in the Safety Matches industry. The Business continued to focus on delivering superior product quality, enhancing distribution across markets leveraging the strong trade marketing and distribution capabilities of Company, along with cost optimization initiatives.

  APPAREL

  During the year, your Company scaled down and restructured the Apparel Business by rationalizing the supply chain and distribution presence. Consequent to the termination of the license agreement for the use of "John Players" and "John Players Jeans" trademarks by ITC Ltd., due to the sale of such trademarks by that company, the Company is in the process of winding down the Apparel Business.

  BRANDED PACKAGED FOOD PRODUCTS

  During the year, your Company successfully completed the launch of a diverse range of confectionery products comprising Hard Boiled Candy, Éclairs, Jelly and Toffee in target markets across the country. Investments were made in building awareness of the brands at retail level, with focus on brand visibility. The Company made good progress in setting up a confectionery manufacturing facility at Biratnagar. The facility, which is at an advanced stage of completion, will enable the Company to scale up the business through domestic production of a range of confectionery products.

  LEAF TOBACCO

  Your Company continued to partner with tobacco farmers in Nepal to enable higher productivity and quality enhancement at the farm level through induction of best practices for sustainable agriculture.

  Despite the country's agro-climatic conditions, which offer limited scope in terms of cultivation of tobacco crop, your Company's focused interventions over the years have led to a consistent improvement in quality of domestic grades of tobacco thereby improving usage, marketability of the crop and farmer returns.

  Your Company has been exploring the possibility of exporting leaf tobacco produced in Nepal towards supporting tobacco farmers of the country and boosting the foreign exchange earnings of the country. Your Directors are pleased to inform that during the year, the Company successfully commenced leaf tobacco exports to a customer in South Korea. Efforts are underway to scale up the business.

  HOTELS

  During the year, the Board of Directors approved the construction of a luxury hotel in Kathmandu on land owned by the Company. Construction activity will commence upon receipt of the requisite statutory approvals.

ENVIRONMENT HEALTH AND SAFETY (EHS)

Your Company continues to adopt various initiatives towards sustaining its position as a benchmark manufacturing facility in the country. The Simara unit participated in the EIA (Environmental Impact Assessment) Audit conducted for the first time by Department of Environment, Nepal which conferred an "Appreciation Letter" to the Company for its EHS standards and systems. The Department of Environment also acknowledged the Company's effort and referred to it as a benchmark for all manufacturing units across the country.

TAX MATTERS

As reported in earlier years, during the financial year 2009-10 the Full Bench of the Hon'ble Supreme Court passed an Order dated 29th October, 2009 in favour of your Company in respect of certain Excise related demands on the basis of alleged theoretical production. It may be recalled that it was alleged by the Revenue Authorities that the Company could have produced more cigarettes than it actually produced in a given year based on 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 theoretically produced cigarettes. The allegations made by the Department are despite the fact that the Company's cigarette factory had always been under 'physical control' procedures of the Revenue Authorities and all the cigarettes produced were duly accounted for and certified by the said Authorities.

The Inland Revenue Department, citing the judgments passed in favour of your Company by the Hon'ble Supreme Court, on 11th February, 2011 and 12th August, 2013 decided the following administrative review petitions in favour of the Company:

- Dropping VAT demand – NRs. 19.01 (₹ 11.88) Crores for the financial years 2058-59 (2001-02) and 2064-65 (2007-08).
- Dropping Income Tax demand – NRs. 4.91 (₹ 3.07) Crores for the financial year 2062-63 (2005-06).

All other pending Show Cause Notices (SCNs) and demands related to Excise, Income tax and VAT received from time to time on the issue of theoretical production are based on similar untenable contention of the Revenue Authorities. No fresh demand has been received during the year and the cumulative pending demand on your Company on this account stands at NRs. 68.97 (₹ 43.11) Crores, as detailed below, and are under appeal.

- Demand of Excise Duty – NRs. 27.80 (₹ 17.38) Crores.
- Demand of VAT – NRs. 17.49 (₹ 10.93) Crores.
- Demand of Income Tax – NRs. 23.68 (₹ 14.80) Crores.

Your Company has been advised by eminent counsel that the allegations made by the Department have no legal or factual basis and that the Demand Notices served on the Company are not sustainable. The subsequent decisions of the Hon'ble Supreme Court and the Inland Revenue Department have further reinforced this position. Accordingly, the Company is of the view that no liability will arise in this regard.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

Your Company continues to follow a systems-based approach to risk management. The Corporate Governance Policy approved by the Board of Directors of the Company lays down the structure, roles and responsibilities of the key entities in the governance process and also mandates periodic review of key areas of operations. The Corporate Governance Policy is backed by a robust internal control system consisting of the following key elements:

- Organizational Policies for key areas of operations e.g. financial policies and procedures, IT Policy etc.
- Comprehensive Standard Operating Procedures (SOPs) across 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.

Your Company continues to focus on regular reviews and continuous improvement of systems, policies and internal controls across the areas of operations so as to ensure that various risks associated with the Company's businesses and operations are adequately addressed and appropriate risk mitigation plans are put in place.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

Besides creating enduring value for shareholders, your Company, as a responsible corporate citizen, places immense emphasis on making significant contributions towards building the societal and environmental capital of the nation. In this regard the Company during the year:

- provided assistance to farmers in agri-infrastructure and vermicomposting in areas proximate to operating locations.
- provided training and development to farmers towards improvement in productivity and other income generating activities.
- supported the animal husbandry sector by providing extension services covering animal breeding, health and nutrition in order to drive yield improvement and higher returns for underprivileged farmers.
- continued to contribute towards improvement in quality of education in public schools in the economic vicinity of its operating locations.
- provided assistance towards relief activities to the people impacted by natural calamities.

In accordance with the provisions of the Industrial Enterprises Act, 2073, your Company has allocated 1% of its annual profit towards discharging CSR activities. The amount so allocated will be utilised in the areas for CSR prescribed under Industrial Enterprises Rules, 2076 as notified in the month of Baishakh, 2076 (May, 2019).

EMPLOYMENT GENERATION

Your Company is one of the largest employers in the private sector and plays a very significant role in providing livelihoods, directly and indirectly, to around 5 lakh people comprising farmers, farm workers and others involved in manufacturing, distribution and sales. Further, the Company's Agarbatti and Matches Businesses provide employment opportunities to economically disadvantaged sections of society, especially women. The 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

Employee relations continued to be cordial and the terms and conditions of employment offered by your Company remains one of the best in the country.

Your Directors place on record their sincere appreciation of the contribution made by the employees during the year under review.

DIRECTORS

Mr. Prabhakar SJB Rana and Mr. Y. C. Deveshwar, former Chairmen of the Company, passed away on 31st May, 2019 and 11th May, 2019, respectively. Your Directors express their sincere condolences on the demise of Mr. Rana and Mr. Deveshwar and placed on record their deep appreciation for the invaluable contribution made by them during their tenure.

The details of shares held in your Company by the Directors as on 31st Asadh, 2076 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 the Company. No amounts are due to the 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 2075-76 are annexed to this Report (**Annexure III**).

AUDITORS

M/s. N Amatya & Co., Chartered Accountants, Kathmandu, Nepal and M/s. 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: 30th September, 2019	**Sanjiv Puri**	**B Sumant**	**A K Poddar**
(13th Ashwin, 2076)	Chairman	Director	Managing Director

Annexure I

Sl. No.	Name of Director	Number of Ordinary Shares of NRs. 100 (₹ 62.50) each held singly and / or jointly as on 31st Asadh 2076 (16th July 2019)
1.	S Puri	Nil
2.	Supratim Dutta	Nil
3.	S R Pandey	67,212
4.	R K Singhi	Nil
5.	B Sumant	Nil
6.	Siddhartha SJB Rana	600
7.	A K Poddar	Nil

Annexure II

AMOUNT OF REMUNERATION AND ALLOWANCES PAID AND FACILITIES PROVIDED TO DIRECTORS, MANAGING DIRECTOR AND COMPANY OFFICIALS

During the financial year 2075/76, the following amounts have been paid to the Directors:

- Board Meeting Fee - NRs. 88,235 (₹ 55,147)
- Incidental expenses - NRs. 35,294 (₹ 22,059)

Payment to / on behalf of the Managing Director for the financial year 2075/76:

- Salary – NRs. 19,036,459 (₹ 11,897,787)
- Allowances – NRs. 4,807,690 (₹ 3,004,806)

In addition to the above, the Managing Director has been provided the following:

- Furnished accommodation with necessary security at residence.
- Entrance fees and annual subscription charges for two clubs.
- Personal accident insurance.
- Company car with driver and telephone at residence.
- Fuel for generator and reimbursement of water tanker charges for residence.

Payment to / on behalf of Company officials for the financial year 2075/76:

- Salary – NRs. 29,992,215 (₹ 18,745,134)
- Allowances – NRs. 10,424,505 (₹ 6,515,316)

In addition to the above, some of the other Company officials, have been provided the following:

- Personal accident insurance.
- Company car and telephone at residence.

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 tradeable, 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 Nepal Financial Reporting Standards – 2, out of which NRs. 12,156,352 (₹ 7,597,720) is attributable to Managing Director and NRs. 12,067,403 (₹ 7,542,127) is attributable to other officials. During the year, no options were granted to the Managing Directoror other employees of the Company.

The Managing Director and other officials also receive benefits/ facilities from the Company Level Welfare Fund under the Labour Act, 2074 and Rules made thereunder, as may be decided by the Labour Relation Committee.

Annexure III

MANAGEMENT EXPENSES

The expenses incurred by the Company for its management and administration for the financial year 2075/76 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. 1,381,855,173 (₹ 863,659,483).

AUDITOR'S REPORT TO THE SHAREHOLDERS OF SURYA NEPAL PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Surya Nepal Private Limited**, which comprise the Statement of Financial Position as at 31st Asadh 2076 (16th July 2019), 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 a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Surya Nepal Private Limited as at 31st Asadh 2076 (16th July 2019), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Report on the Requirements of the Company Act, 2063

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, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows 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 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, 2076 (30th September, 2019) Place: Kathmandu	N. Amatya & Co. Chartered Accountants	T R Upadhya & Co. Chartered Accountants

STATEMENT OF FINANCIAL POSITION AS AT 31ST ASADH 2076 (16TH JULY 2019)

	Note	**Figures in NRs. As at 31st Asadh 2076 (16th July 2019)**	**Figures in ₹ As at 31st Asadh 2076 (16th July 2019)**	Figures in NRs. As at 32nd Asadh 2075 (16th July 2018)	Figures in ₹ As at 32nd Asadh 2075 (16th July 2018)
ASSETS					
NON-CURRENT ASSETS					
a) Property, Plant & Equipment	3A	**4,737,421,372**	**2,960,888,359**	4,783,798,974	2,989,874,360
b) Capital Work-in-Progress	3B	**330,429,445**	**206,518,404**	232,950,476	145,594,048
c) Intangible Assets	3C	**66,210**	**41,380**	33,989,797	21,243,622
d) Intangible Assets under Development	3D	**9,489,998**	**5,931,249**	-	-
e) Financial Assets					
i) Loans	4	**31,363,435**	**19,602,147**	30,610,168	19,131,355
ii) Others	5	**880,825**	**550,516**	880,825	550,516
f) Deferred Tax Assets (Net)	6	**119,788,384**	**74,867,740**	59,097,334	36,935,835
g) Other Non-Current Assets	7	**2,329,680,469**	**1,456,050,293**	1,718,279,469	1,073,924,669
CURRENT ASSETS					
a) Inventories	8	**3,665,245,426**	**2,290,778,391**	5,518,632,902	3,449,145,564
b) Financial Assets					
i) Investments	9	**–**	**–**	25,632,338	16,020,211
ii) Trade Receivables	10	**34,732,027**	**21,707,517**	68,556,485	42,847,803
iii) Cash and Cash Equivalents	11	**27,032,594**	**16,895,371**	49,757,833	31,098,646
iv) Other Bank Balances	12	**7,816,467,936**	**4,885,292,460**	6,090,065,963	3,806,291,227
v) Loans	4	**7,518,404**	**4,699,003**	7,304,772	4,565,483
vi) Others	5	**56,539,227**	**35,337,016**	30,634,354	19,146,472
c) Other Current Assets	7	**399,589,646**	**249,743,528**	447,914,925	279,946,828
TOTAL ASSETS		**19,566,245,398**	**12,228,903,374**	19,098,106,615	11,936,316,639
EQUITY AND LIABILITIES					
EQUITY					
a) Equity Share Capital	13	**2,016,000,000**	**1,260,000,000**	2,016,000,000	1,260,000,000
b) Other Equity		**13,117,588,406**	**8,198,492,749**	12,351,060,246	7,719,412,652
LIABILITIES					
NON-CURRENT LIABILITIES					
a) Provisions	14	**164,236,735**	**102,647,959**	142,143,188	88,839,493
CURRENT LIABILITIES					
a) Financial Liabilities					
i) Borrowings	15	**449,332,304**	**280,832,690**	1,128,051,870	705,032,419
ii) Trade Payables	16	**866,234,915**	**541,396,822**	820,376,602	512,735,377
iii) Other Financial Liabilities	17	**1,781,121,345**	**1,113,200,841**	1,576,308,975	985,193,111
b) Other Liabilities	18	**710,152,610**	**443,845,386**	384,447,456	240,279,664
c) Provisions	14	**24,940,496**	**15,587,810**	27,803,081	17,376,926
d) Current Tax Liabilities (Net)	19	**436,638,587**	**272,899,117**	651,915,197	407,446,997
TOTAL EQUITY AND LIABILITIES		**19,566,245,398**	**12,228,903,374**	19,098,106,615	11,936,316,639

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

This is the Statement of Financial Position referred to in our Report of even date.

Vikas Bhutra Head of Finance	**Abhimanyu Kumar Poddar** Managing Director	**Saurya SJB Rana** Alternate 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 2076 (30th September 2019)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST ASADH 2076 (16TH JULY 2019)

	Note	Figures in NRs. For the year ended 31st Asadh 2076 (16th July 2019)	Figures in ₹ For the year ended 31st Asadh 2076 (16th July 2019)	Figures in NRs. For the year ended 32nd Asadh 2075 (16th July 2018)	Figures in ₹ For the year ended 32nd Asadh 2075 (16th July 2018)
Gross Revenue from sale of products	20	37,469,593,326	23,418,495,829	33,369,581,646	20,855,988,529
Less: Duties	21	12,346,317,541	7,716,448,463	9,167,629,398	5,729,768,375
Net Revenue from sale of products		25,123,275,785	15,702,047,366	24,201,952,248	15,126,220,154
Other Operating Revenue	22	13,540,134	8,462,584	25,666,152	16,041,344
Net Revenue from operations		25,136,815,919	15,710,509,950	24,227,618,400	15,142,261,498
Raw Materials Consumed, etc.	23	5,864,717,577	3,665,448,486	5,910,419,573	3,694,012,233
Employee Benefits Expenses	24	2,266,833,572	1,416,770,984	2,089,130,077	1,305,706,299
Manufacturing, Admin, Selling Expenses etc.	25	2,414,224,786	1,508,890,494	2,316,627,948	1,447,892,471
Operating Profit		14,591,039,984	9,119,399,986	13,911,440,802	8,694,650,495
Other Income	26	553,243,149	345,776,969	385,332,472	240,832,796
Finance Cost	27	59,169,503	36,980,939	22,939,999	14,337,499
Depreciation and Amortization Expenses		700,535,931	437,834,957	742,297,943	463,936,215
Profit before Tax		14,384,577,699	8,990,361,059	13,531,535,332	8,457,209,577
Tax Expense	28	4,399,582,769	2,749,739,231	4,260,892,788	2,663,057,992
Corporate Social Responsibility		99,849,949	62,406,218	93,489,394	58,430,871
Profit for the year		9,885,144,981	6,178,215,610	9,177,153,150	5,735,720,714
Other Comprehensive Income					
(i) Items that will not be reclassified to profit or loss:					
- Remeasurements of defined benefit plans	29 (a)	19,804,542	12,377,839	(39,061,325)	(24,413,328)
(ii) Income tax relating to items that will not be reclassified to profit or loss	28	(5,941,363)	(3,713,352)	11,718,398	7,323,999
Other Comprehensive Income		13,863,179	8,664,487	(27,342,927)	(17,089,329)
Total Comprehensive Income for the year		9,899,008,160	6,186,880,097	9,149,810,223	5,718,631,385

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

This is the Statement of Profit or Loss and Other Comprehensive Income referred to in our Report of even date.

Vikas Bhutra
Head of Finance

Abhimanyu Kumar Poddar
Managing Director

Saurya SJB Rana
Alternate 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 2076 (30th September 2019)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST ASADH 2076 (16TH JULY 2019)

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 32nd Asadh 2075 (16th July 2018)	2,016,000,000	–	2,016,000,000	1,260,000,000	–	1,260,000,000
For the year ended 31st Asadh 2076 (16th July 2019)	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 31st Asadh 2074 (15th July 2017)	**108,778,401**	**3,001,310,441**	**7,195,735,567**	**(18,334,386)**	**10,287,490,023**	**67,986,501**	**1,875,819,025**	**4,497,334,730**	**(11,458,989)**	**6,429,681,267**
Profit for the year	–	–	9,177,153,150	–	9,177,153,150	–	–	5,735,720,714	–	5,735,720,714
Other Comprehensive Income (net of tax)	–	–	–	(27,342,927)	(27,342,927)	–	–	–	(17,089,329)	(17,089,329)
Total Comprehensive Income for the year	**–**	**–**	**9,177,153,150**	**(27,342,927)**	**9,149,810,223**	**–**	**–**	**5,735,720,714**	**(17,089,329)**	**5,718,631,385**
Interim Dividend	–	–	(1,219,680,000)	–	(1,219,680,000)	–	–	(762,300,000)	–	(762,300,000)
Final Dividend	–	–	(5,866,560,000)	–	(5,866,560,000)	–	–	(3,666,600,000)	–	(3,666,600,000)
Total	–	–	2,090,913,150	(27,342,927)	2,063,570,223	–	–	1,306,820,714	(17,089,329)	1,289,731,385
Balance as at 32nd Asadh 2075 (16th July 2018)	**108,778,401**	**3,001,310,441**	**9,286,648,717**	**(45,677,313)**	**12,351,060,246**	**67,986,501**	**1,875,819,025**	**5,804,155,444**	**(28,548,318)**	**7,719,412,652**
Profit for the year	–	–	9,885,144,981	–	9,885,144,981	–	–	6,178,215,610	–	6,178,215,610
Other Comprehensive Income (net of tax)	–	–	–	13,863,179	13,863,179	–	–	–	8,664,487	8,664,487
Total Comprehensive Income for the year	**–**	**–**	**9,885,144,981**	**13,863,179**	**9,899,008,160**	**–**	**–**	**6,178,215,610**	**8,664,487**	**6,186,880,097**
Interim Dividend	–	–	(1,512,000,000)	–	(1,512,000,000)	–	–	(945,000,000)	–	(945,000,000)
Final Dividend	–	–	(7,620,480,000)	–	(7,620,480,000)	–	–	(4,762,800,000)	–	(4,762,800,000)
Transferred from Employees' Housing Reserve	–	(445,202,342)	445,202,342	–	–	–	(278,251,464)	278,251,464	–	–
Total	–	(445,202,342)	1,197,867,323	13,863,179	766,528,160	–	(278,251,464)	748,667,074	8,664,487	479,080,097
Balance as at 31st 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**	**6,552,822,518**	**(19,883,831)**	**8,198,492,749**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST ASADH 2076 (16TH JULY 2019 (Contd.)

For the year ended 31st Asadh 2076 (16th July 2019), the Board of Directors of the Company at its meeting held on 13th Ashwin 2076 (30th September 2019) have:

a) declared interim dividend of NRs. 81.00 (₹ 50.63) per share, amounting to NRs. 1,632,960,000 (₹ 1,020,600,000) and

b) recommended final dividend of NRs. 408.00 (₹ 255.00) per share amounting to NRs. 8,225,280,000 (₹ 5,140,800,000).

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. The Company has transferred NRs. 445,202,342 (₹ 278,251,464) from the Employees' Housing Reserve to the Retained Earnings, consequent to completion of construction of housing facilities to employees.

Retained Earnings: This reserve represents the cumulative profits of the Company and can be distributed / utilized by the Company.

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

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

Vikas Bhutra Head of Finance	**Abhimanyu Kumar Poddar** Managing Director	**Saurya SJB Rana** Alternate 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 2076 (30th September 2019)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST ASADH 2076 (16TH JULY 2019)

			Figures in NRs. For the year ended 31st Asadh 2076 (16th July 2019)	Figures in ₹ For the year ended 31st Asadh 2076 (16th July 2019)	Figures in NRs. For the year ended 32nd Asadh 2075 (16th July 2018)	Figures in ₹ For the year ended 32nd Asadh 2075 (16th July 2018)
A	**Cash Flow From Operating Activities**					
	Profit Before Tax		**14,384,577,699**	**8,990,361,059**	13,531,535,332	8,457,209,577
	Adjustments for :					
	Depreciation and amortization expenses		**700,535,931**	**437,834,957**	742,297,943	463,936,215
	Finance Cost		**59,169,503**	**36,980,939**	22,939,999	14,337,499
	Interest from Investments		**(541,915)**	**(338,697)**	(1,470,625)	(919,141)
	Interest on Short Term/Call Deposits		**(550,662,700)**	**(344,164,187)**	(379,436,878)	(237,148,049)
	Foreign currency translations and transactions - Net		**1,884,938**	**1,178,086**	(1,178,423)	(736,514)
	Loss/(Gain) on sale of property, plant and equipment - Net		**(1,957,756)**	**(1,223,597)**	(19,632,108)	(12,270,068)
	Loss on Sale of Current Investments - Net		**3,007,338**	**1,879,586**	–	–
	Provision for Doubtful and Bad Advances, Loans and Deposits		**216,493**	**135,308**	–	–
	Liability no longer required written back		**(132,018)**	**(82,511)**	(11,100,615)	(6,937,884)
	Doubtful and bad advances		**(11,134)**	**(6,959)**	(11,010)	(6,881)
	Operating Profit Before Working Capital Changes		**14,596,086,379**	**9,122,553,984**	13,883,943,615	8,677,464,754
	Adjustments for :					
	Trade Receivables, Loans, Advances and Other Assets		**(553,635,416)**	**(346,022,135)**	257,978,538	161,236,586
	Inventories		**1,853,387,476**	**1,158,367,174**	(1,444,200,443)	(902,625,277)
	Trade Payables, Other Liabilities and Provisions		**445,400,771**	**278,375,482**	(82,943,094)	(51,839,434)
	Cash Generated From Operation		**16,341,239,210**	**10,213,274,505**	12,614,778,616	7,884,236,629
	Income Tax Paid		**(4,744,491,792)**	**(2,965,307,370)**	(3,945,415,796)	(2,465,884,867)
	Corporate Social Responsibility Paid		**(19,863,315)**	**(12,414,571)**	(9,615,486)	(6,009,679)
	Net Cash From Operating Activities	(A)	**11,576,884,103**	**7,235,552,564**	8,659,747,334	5,412,342,083
B	**Cash Flow From Investing Activities**					
	Purchase of property, plant and equipment		**(604,010,822)**	**(377,506,764)**	(178,872,335)	(111,795,209)
	Disposal of property, plant and equipment		**2,762,169**	**1,726,356**	22,901,273	14,313,296
	Sale/redemption of Current Investments		**22,625,000**	**14,140,625**	–	-
	Investment in Bank Deposits (Original Maturity more than 3 months)		**(9,745,800,000)**	**(6,091,125,000)**	(6,090,000,000)	(3,806,250,000)
	Redemption/ Maturity of Bank Deposits (Original Maturity more than 3 months)		**8,019,400,000**	**5,012,125,000**	2,900,000,000	1,812,500,000
	Interest Received		**526,370,436**	**328,981,524**	377,167,708	235,729,818
	Net Cash Used in Investing Activities	(B)	**(1,778,653,217)**	**(1,111,658,259)**	(2,968,803,354)	(1,855,502,095)
C	**Cash Flow From Financing Activities**					
	Interest Paid		**(9,757,037)**	**(6,098,148)**	(21,252,465)	(13,282,791)
	Dividends Paid		**(9,132,480,000)**	**(5,707,800,000)**	(7,086,240,000)	(4,428,900,000)
	Net Cash Used in Financing Activities	(C)	**(9,142,237,037)**	**(5,713,898,148)**	(7,107,492,465)	(4,442,182,791)
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		**655,993,849**	**409,996,157**	(1,416,548,485)	(885,342,803)
	Opening Cash and Cash Equivalents		**(1,081,465,221)**	**(675,915,764)**	335,083,264	209,427,040
	Closing Cash and Cash Equivalents		**(425,471,372)**	**(265,919,607)**	(1,081,465,221)	(675,915,763)

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	**(425,471,372)**	**(265,919,607)**	(1,081,465,221)	(675,915,763)
Unrealised gain/(Loss) on foreign currency cash and cash equivalents	**3,171,662**	**1,982,288**	3,171,184	1,981,990
Current Borrowings (Note 15)	**449,332,304**	**280,832,690**	1,128,051,870	705,032,419
Cash and Cash Equivalents (Note 11)	**27,032,594**	**16,895,371**	49,757,833	31,098,646

The accompanying notes 1 to 31 are an integral part of the Financial Statements.
This is the Statement of Cash Flows referred to in our Report of even date.

Vikas Bhutra
Head of Finance

Abhimanyu Kumar Poddar
Managing Director

Saurya SJB Rana
Alternate 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

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Partner
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Chartered Accountants

Date: 13th Ashwin 2076 (30th September 2019)

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.

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 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 Gratuity 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 factorsin the employment market. Information about such valuation is provided in notes to the financial statements.

C. Claims, Provisions and Contingent Liabilities:

The Company has ongoing litigations with various regulatory authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

[Amount in NRs]

Particulars	Gross Block							Depreciation and Amortization								Net Block	
	As at 31.03.2074 (15.07.2017)	Additions	Withdrawals/ Adjustments	As at 32.03.2075 (16.07.2018)	Additions	Withdrawals/ Adjustments	As at 31.03.2076 (16.07.2019)	Upto 31.03.2074 (15.07.2017)	For the Year	Withdrawals/ Adjustments	As at 32.03.2075 (16.07.2018)	For the Year	Withdrawals/ Adjustments	As at 31.03.2076 (16.07.2019)	As at 31.03.2076 (16.07.2019)	As at 32.03.2075 (16.07.2018)
3A. Property, Plant and Equipment																	
Land & Land Development	305,147,856	–	–	305,147,856	–	–	305,147,856	–	–	–	–	–	–	–	305,147,856	305,147,856
Buildings	1,897,942,813	9,960,027	–	1,907,902,840	328,670,975	216,714	2,236,357,101	638,058,509	80,215,076	–	718,273,585	79,848,016	216,712	797,904,889	1,438,452,212	1,189,629,255
Plant and Equipment	7,537,204,678	31,176,457	125,830,982	7,442,550,153	206,213,518	52,249,260	7,596,514,411	3,864,023,394	565,403,018	125,830,387	4,303,596,025	540,564,698	52,123,513	4,792,037,210	2,804,477,201	3,138,954,128
Furniture and Fixtures	92,874,119	1,298,019	4,322,173	89,849,965	3,669,288	7,614,061	85,905,192	49,050,835	7,768,991	3,890,247	52,929,579	7,001,839	7,240,527	52,690,891	33,214,301	36,920,386
Vehicles	171,862,900	–	38,893,567	132,969,333	20,516,343	3,366,213	150,119,463	99,728,527	21,409,646	36,071,129	85,067,044	19,217,732	3,364,157	100,920,619	49,198,844	47,902,289
Computers	133,598,949	7,937,258	2,475,588	139,060,619	55,231,547	7,259,513	187,032,653	119,304,544	8,975,818	2,475,586	125,804,776	10,247,112	7,259,435	128,792,453	58,240,200	13,255,843
Office Equipment	103,452,744	11,566,852	704,955	114,314,641	6,737,484	1,593,487	119,458,638	54,171,222	8,844,953	690,751	62,325,424	9,732,947	1,290,491	70,767,880	48,690,758	51,989,217
Total	**10,242,084,059**	**61,938,613**	**172,227,265**	**10,131,795,407**	**621,039,155**	**72,299,248**	**10,680,535,314**	**4,824,337,031**	**692,617,502**	**168,958,100**	**5,347,996,433**	**666,612,344**	**71,494,835**	**5,943,113,942**	**4,737,421,372**	**4,783,798,974**
3B. Capital Work-in-Progress	**108,987,762**	**185,681,975**	**61,719,261**	**232,950,476**	**696,161,939**	**598,682,970**	**330,429,445**	–	–	–	–	–	–	–	**330,429,445**	**232,950,476**
3C. Intangible Assets																
Capitalised Software	289,032,926	–	–	289,032,926	–	–	289,032,926	205,362,688	49,680,441	–	255,043,129	33,923,587	–	288,966,716	66,210	33,989,797
3D. Intangible assets under development	–	–	–	–	**9,489,998**		**9,489,998**				–			–	**9,489,998**	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

[Amount in ₹]

Particulars	Gross Block							Depreciation and Amortization							Net Block	
	As at 31.03.2074 (15.07.2017)	Additions	Withdrawals/ Adjustments	As at 32.03.2075 (16.07.2018)	Additions	Withdrawals/ Adjustments	As at 31.03.2076 (16.07.2019)	Upto 31.03.2074 (15.07.2017)	For the Year	Withdrawals/ Adjustments	As at 32.03.2075 (16.07.2018)	For the Year	Withdrawals/ Adjustments	As at 31.03.2076 (16.07.2019)	As at 31.03.2076 (16.07.2019)	As at 32.03.2075 (16.07.2018)
3A. Property, Plant and Equipment																
Land & Land Development	190,717,410	-	-	190,717,410	-	-	190,717,410	-	-	-	-	-	-	-	190,717,410	190,717,410
Buildings	1,186,214,258	6,225,017	-	1,192,439,275	205,419,359	135,446	1,397,723,188	398,786,568	50,134,423	-	448,920,991	49,905,010	135,445	498,690,556	899,032,632	743,518,284
Plant and Equipment	4,710,752,925	19,485,286	78,644,364	4,651,593,847	128,883,449	32,655,788	4,747,821,508	2,415,014,622	353,376,886	78,643,992	2,689,747,516	337,852,936	32,577,196	2,995,023,256	1,752,798,252	1,961,846,331
Furniture and Fixtures	58,046,324	811,262	2,701,358	56,156,228	2,293,305	4,758,788	53,690,745	30,656,772	4,855,619	2,431,404	33,080,987	4,376,149	4,525,329	32,931,807	20,758,938	23,075,241
Vehicles	107,414,312	-	24,308,479	83,105,833	12,822,714	2,103,883	93,824,664	62,330,329	13,381,029	22,544,456	53,166,902	12,011,083	2,102,598	63,075,387	30,749,277	29,938,931
Computers	83,499,344	4,960,786	1,547,243	86,912,887	34,519,717	4,537,196	116,895,408	74,565,340	5,609,886	1,547,241	78,627,985	6,404,445	4,537,147	80,495,283	36,400,125	8,284,902
Office Equipment	64,657,965	7,229,283	440,597	71,446,651	4,210,928	995,929	74,661,650	33,857,013	5,528,096	431,719	38,953,390	6,083,092	806,557	44,229,925	30,431,725	32,493,261
Total	**6,401,302,538**	**38,711,634**	**107,642,041**	**6,332,372,131**	**388,149,472**	**45,187,030**	**6,675,334,573**	**3,015,210,644**	**432,885,939**	**105,598,812**	**3,342,497,771**	**416,632,715**	**44,684,272**	**3,714,446,214**	**2,960,888,359**	**2,989,874,360**
3B. Capital Work-in-Progress	68,117,352	116,051,234	38,574,538	145,594,048	435,101,212	374,176,856	206,518,404	-	-	-	-	-	-	-	206,518,404	145,594,048
3C. Intangible Assets																
Capitalised Software	180,645,579	-	-	180,645,579	-	-	180,645,579	128,351,681	31,050,276	-	159,401,957	21,202,242	-	180,604,199	41,380	21,243,622
3D. Intangible assets under development	-	-	-	-	5,931,249	-	5,931,249	-	-	-	-	-	-	-	5,931,249	-

1. The amount of expenditures recognised in the carrying amount of property, plant and equipment in the course of construction is NRs. 6,048,463 (₹ 3,780,289) [2074/75 - NRs. 788,324 (₹ 492,703)].
2. The amortization expense of intangible assets have been included under ‘Depreciation and Amortization expense’ in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 31st Asadh 2076 (16th July 2019)	Figures in ₹ As at 31st Asadh 2076 (16th July 2019)	Figures in NRs. As at 32nd Asadh 2075 (16th July 2018)	Figures in ₹ As at 32nd Asadh 2075 (16th July 2018)
4. LOANS				
NON-CURRENT				
Employee Loans	31,363,435	19,602,147	30,610,168	19,131,355
Total	31,363,435	19,602,147	30,610,168	19,131,355
CURRENT				
Employee Loans	7,518,404	4,699,003	7,304,772	4,565,483
Total	7,518,404	4,699,003	7,304,772	4,565,483
5. OTHER FINANCIAL ASSETS				
NON-CURRENT				
Deposits	880,825	550,516	880,825	550,516
Total	880,825	550,516	880,825	550,516
CURRENT				
Interest Accrued on				
- Investments	–	–	193,397	120,873
- Call and Other Deposit with Banks	53,010,050	33,131,281	27,982,997	17,489,373
- Commercial Advances	8,623	5,389	8,100	5,063
Derivative instruments not designated as hedging instruments	913,810	571,131	1,130,019	706,262
Recoverable from Holding Company	200,744	125,465	1,319,841	824,901
Claims Receivable	2,406,000	1,503,750	–	–
Total	56,539,227	35,337,016	30,634,354	19,146,472
6. DEFERRED TAX ASSETS /(LIABILITIES) (NET)				
Deferred Tax Assets	144,755,593	90,472,246	96,183,992	60,114,996
Less: Deferred Tax Liabilities	24,967,209	15,604,506	37,086,658	23,179,161
Deferred Tax Assets / (Liabilities) (Net)	119,788,384	74,867,740	59,097,334	36,935,835

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
2075/76								
Deferred Tax Assets in relation to:								
On Provision for Retirement and Other Employee Benefits	52,355,083	32,721,928	13,537,388	8,460,868	(5,941,363)	(3,713,352)	59,951,108	37,469,444
On Provision for Doubtful Advances	610,952	381,845	(3,340)	(2,088)	–	–	607,612	379,757
On Fiscal Allowances on Property, Plant and Equipment etc.	21,479,887	13,424,930	25,153,525	15,720,953	–	–	46,633,412	29,145,883
On Provision for Inventories	21,738,070	13,586,293	–	–	–	–	21,738,070	13,586,293
Other Timing Difference	–	–	15,825,391	9,890,869	–	–	15,825,391	9,890,869
Total Deferred Tax Assets	96,183,992	60,114,996	54,512,964	34,070,602	(5,941,363)	(3,713,352)	144,755,593	90,472,246
Deferred Tax Liabilities in relation to:								
On Overheads Allocation on Finished Goods	36,890,577	23,056,610	(11,358,079)	(7,098,799)	–	–	25,532,498	15,957,811
Other Timing Difference	196,081	122,551	(761,370)	(475,856)	–	–	(565,289)	(353,305)
Total Deferred Tax Liabilities	37,086,658	23,179,161	(12,119,449)	(7,574,655)	–	–	24,967,209	15,604,506
Deferred Tax Assets / (Liabilities) - Net	59,097,334	36,935,835	66,632,413	41,645,257	(5,941,363)	(3,713,352)	119,788,384	74,867,740
2074/75								
Deferred Tax Assets in relation to:								
On Provision for Retirement and Other Employee Benefits	49,327,490	30,829,682	(8,690,805)	(5,431,753)	11,718,398	7,323,999	52,355,083	32,721,928
On Provision for Doubtful Advances	614,255	383,909	(3,303)	(2,064)	–	–	610,952	381,845
On Fiscal allowances on Property, Plant and Equipment etc.	(2,492,173)	(1,557,608)	23,972,060	14,982,538	–	–	21,479,887	13,424,930
On Provision for Inventories	24,137,230	15,085,768	(2,399,160)	(1,499,475)	–	–	21,738,070	13,586,293
Total Deferred Tax Assets	71,586,802	44,741,751	12,878,792	8,049,246	11,718,398	7,323,999	96,183,992	60,114,996
Deferred Tax Liabilities in relation to:								
On Overheads Allocation on Finished Goods	33,717,626	21,073,516	3,172,951	1,983,094	–	–	36,890,577	23,056,610
Other Timing Difference	65,467	40,917	130,614	81,634	–	–	196,081	122,551
Total Deferred Tax Liabilities	33,783,093	21,114,433	3,303,565	2,064,728	–	–	37,086,658	23,179,161
Deferred Tax Assets / (Liabilities) - Net	37,803,709	23,627,318	9,575,227	5,984,518	11,718,398	7,323,999	59,097,334	36,935,835

The Company has tax losses of NRs. 379,316,465 (₹ 237,072,791) [2074/75 - NRs. 369,907,653 (₹ 231,192,283)] for which no deferred tax assets have been recognised. These losses will expire between financial year 2076/77 to 2082/83.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. As at 31st Asadh 2076 (16th July 2019)	Figures in ₹ As at 31st Asadh 2076 (16th July 2019)	Figures in NRs. As at 32nd Asadh 2075 (16th July 2018)	Figures in ₹ As at 32nd Asadh 2075 (16th July 2018)
7. OTHER ASSETS				
NON-CURRENT				
Capital Advances	**437,836**	**273,648**	23,016,429	14,385,268
Advances other than Capital Advances				
- Commercial Advances to Holding Company	**2,264,244,141**	**1,415,152,588**	1,637,454,548	1,023,409,093
- Security Deposits				
- With Statutory Authorities	**64,869,892**	**40,543,682**	57,679,892	36,049,933
- Others	**128,600**	**80,375**	128,600	80,375
Total	**2,329,680,469**	**1,456,050,293**	1,718,279,469	1,073,924,669
CURRENT				
Commercial Advances				
- Green Leaf bought from Tobacco Farmers (net of loan disbursed by Bank)	**5,136,007**	**3,210,004**	3,660,483	2,287,802
- Other Goods and Services	**4,296,604**	**2,685,377**	3,293,422	2,058,389
Advance with Statutory Authorities	**46,413,665**	**29,008,541**	58,211,378	36,382,111
Deposit with Statutory Authorities	**210,649,366**	**131,655,854**	263,443,208	164,652,005
Employee Advances	**819,264**	**512,040**	1,366,527	854,079
Unexpired Expenses	**128,076,742**	**80,047,964**	116,352,693	72,720,433
Margin Money Deposit	**4,197,998**	**2,623,748**	1,587,214	992,009
Total	**399,589,646**	**249,743,528**	447,914,925	279,946,828
8. INVENTORIES				
(At lower of cost and net realisable value)				
Raw Materials (including in-transit)	**2,107,530,324**	**1,317,206,453**	1,905,043,544	1,190,652,215
Stock - In - Process	**119,236,199**	**74,522,624**	90,338,369	56,461,481
Finished Goods	**1,177,076,852**	**735,673,032**	3,246,131,584	2,028,832,240
Stores and Supplies (including in-transit)	**261,402,051**	**163,376,282**	277,119,405	173,199,628
Total	**3,665,245,426**	**2,290,778,391**	5,518,632,902	3,449,145,564
The above includes goods in transit as under				
Raw Materials	**200,633,329**	**125,395,831**	100,611,326	62,882,079
Stores and Supplies	**3,167,128**	**1,979,455**	3,187,351	1,992,094
Total	**203,800,457**	**127,375,286**	103,798,677	64,874,173

The cost of inventories recognised as an expense includes NRs. Nil (₹ Nil) [during 2074/75: NRs. 4,885,957 (₹ 3,053,723)] in respect of write-downs of inventory to net realisable value and has been reduced by NRs. 919,601 (₹ 574,751) [during 2074/75: NRs. Nil (₹ Nil)] in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales prices.

9. CURRENT INVESTMENTS				
Current Portion of Non-Current Investment				
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortized cost)				
Investment in Promissory Note issued by Nepal Government 6.5% Bikash Rinpatra, 2075 - Unquoted	**–**	**–**	25,632,338	16,020,211
Total	**–**	**–**	25,632,338	16,020,211
10. TRADE RECEIVABLES (CURRENT)				
Secured, considered good	**3,042,844**	**1,901,778**	3,580,779	2,237,987
Unsecured, considered good	**31,689,183**	**19,805,739**	64,975,706	40,609,816
Doubtful	**339,012**	**211,883**	339,012	211,883
Less: Allowance for doubtful receivables	**(339,012)**	**(211,883)**	(3,39,012)	(211,883)
Total	**34,732,027**	**21,707,517**	68,556,485	42,847,803
11. CASH AND CASH EQUIVALENTS*				
Cash on Hand	**30,000**	**18,750**	55,825	34,891
Balances with Banks				
Current Accounts	**4,449,232**	**2,780,770**	25,256,003	15,785,002
Short Term - Call Deposits	**22,553,362**	**14,095,851**	24,446,005	15,278,753
Total	**27,032,594**	**16,895,371**	49,757,833	31,098,646

* 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.

12. OTHER BANK BALANCES				
In Deposit Accounts *	**7,816,400,000**	**4885250,000**	6,090,000,000	3,806,250,000
Earmarked Balance (Savings Account - Provident Fund)	**67,936**	**42,460**	65,963	41,227
Total	**7,816,467,936**	**4885292,460**	6,090,065,963	3,806,291,227

* 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 2076 (16th July 2019)	Figures in ₹ As at 31st Asadh 2076 (16th July 2019)	Figures in NRs. As at 32nd Asadh 2075 (16th July 2018)	Figures in ₹ As at 32nd Asadh 2075 (16th July 2018)
13. EQUITY SHARE CAPITAL				
Authorised				
65,000,000 Ordinary Shares of NRs. 100/- (₹ 62.50) each	6,500,000,000	4,062,500,000	6,500,000,000	4,062,500,000
Issued, Subscribed & Paid up				
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.

14. PROVISIONS				
NON-CURRENT				
Provision for Retirement and Other Employee Benefits [Refer Note 29]				
Retirement Benefits	77,532,357	48,457,723	72,444,430	45,277,769
Other Benefits	86,704,378	54,190,236	69,698,758	43,561,724
Total	164,236,735	102,647,959	142,143,188	88,839,493
CURRENT				
Provision for Retirement and Other Employee Benefits				
Retirement Benefits	12,606,955	7,879,347	18,711,107	11,694,442
Other Benefits	12,333,541	7,708,463	9,091,974	5,682,484
Total	24,940,496	15,587,810	27,803,081	17,376,926
15. BORROWINGS (CURRENT)				
Secured				
Overdrafts / Other Demand Loans from Banks*	449,332,304	280,832,690	1,128,051,870	705,032,419
Total	449,332,304	280,832,690	1,128,051,870	705,032,419

* Overdrafts / Other Demand Loans from Banks are secured by hypothecation of Property, Plant and Equipment, Investment, Inventories and Trade Receivables, both present and future.

16. TRADE PAYABLES (CURRENT)				
Trade Payables for Goods and Services				
- Holding Company	438,590,185	274,118,866	491,859,094	307,411,934
- Others	427,644,730	267,277,956	328,517,508	205,323,443
Total	866,234,915	541,396,822	820,376,602	512,735,377
17. OTHER FINANCIAL LIABILITIES (CURRENT)				
Payable for Property, Plant and Equipment	77,596,539	48,497,837	24,708,628	15,442,893
Retention Money				
- For Property, Plant and Equipment	64,220,079	40,137,549	15,689,283	9,805,802
- Others	1,947,667	1,217,292	2,174,269	1,358,918
Payable for Employee Benefits	29,204,580	18,252,863	21,560,049	13,475,031
Provision for Employee's Bonus under The Bonus Act, 2030				
- Distribution by Company	259,860,277	162,412,673	113,535,309	70,959,568
- Deposit with Welfare Funds established under The Labour Act	936,898,294	585,561,434	972,978,032	608,111,270
- Deposit with National Level Welfare Fund established by Govt. of Nepal	401,527,840	250,954,900	416,990,585	260,619,116
Security Deposits from Customers	6,400,000	4,000,000	6,150,000	3,843,750
Interest Accrued but not due on current borrowings	–	–	1,687,534	1,054,709
Others (derivatives not designated as hedging instrument)	3,466,069	2,166,293	835,286	522,054
Total	1,781,121,345	1,113,200,841	1,576,308,975	985,193,111
18. OTHER LIABILITIES (CURRENT)				
Advances received from Customers	203,444,690	127,152,931	33,463,090	20,914,431
Statutory Liabilities	213,707,344	133,567,090	137,973,224	86,233,265
Provision for Corporate Social responsibility	236,876,427	148,047,767	156,889,793	98,056,121
Others	56,124,149	35,077,598	56,121,349	35,075,847
Total	710,152,610	443,845,386	384,447,456	240,279,664
19. CURRENT TAX LIABILITIES (NET)				
Provision for Income Tax	4,818,949,492	3,011,843,433	4,363,427,753	2,727,142,346
Less: Advance Tax paid / Withholding Tax deducted	(4,382,310,905)	(2,738,944,316)	(3,711,512,556)	(2,319,695,349)
Total	436,638,587	272,899,117	651,915,197	407,446,997

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. For the Year 31st Asadh 2076 (16th July 2019)	Figures in ₹ For the Year 31st Asadh 2076 (16th July 2019)	Figures in NRs. For the Year 32nd Asadh 2075 (16th July 2018)	Figures in ₹ For the Year 32nd Asadh 2075 (16th July 2018)
20. GROSS REVENUE FROM SALE OF PRODUCTS				
FMCG				
- Cigarettes	36,939,829,547	23,087,393,467	32,828,122,208	20,517,576,380
- Branded Packaged Food Products	65,481,656	40,926,035	82,290,347	51,431,467
- Others (Apparel, Safety Matches, Agarbattis)	451,781,960	282,363,725	459,169,091	286,980,682
Others				
- Unmanufactured Tobacco	12,500,163	7,812,602	–	–
Total	37,469,593,326	23,418,495,829	33,369,581,646	20,855,988,529
21. DUTIES				
Excise Duty	9,964,590,545	6,227,869,091	8,936,700,140	5,585,437,588
Health Risk Tax	2,260,126,325	1,412,578,953	90,027,700	56,267,313
Sticker Charges	121,600,671	76,000,419	140,901,558	88,063,474
Total	12,346,317,541	7,716,448,463	9,167,629,398	5,729,768,375
22. OTHER OPERATING REVENUE				
Liability no longer required written back	132,018	82,511	11,100,615	6,937,884
Provision for doubtful advance/debts written back	11,134	6,959	11,010	6,881
Miscellaneous Income	13,396,982	8,373,114	14,554,527	9,096,579
Total	13,540,134	8,462,584	25,666,152	16,041,344
23. RAW MATERIALS CONSUMED ETC.				
Leaf and Casing Materials	3,002,482,317	1,876,551,448	3,045,185,002	1,903,240,626
Wrapping Materials	2,390,020,518	1,493,762,824	2,492,904,791	1,558,065,494
Fabrics, Trims etc.	4,918,500	3,074,063	9,812,558	6,132,849
Purchases and Contract Manufacturing Charges	401,131,486	250,707,179	398,954,146	249,346,341
	5,798,552,821	3,624,095,514	5,946,856,497	3,716,785,310
Allocation of overheads etc. on Finished Goods (manufactured)				
Opening	203,856,072	127,410,045	167,419,148	104,636,968
Closing	(137,691,316)	(86,057,073)	(203,856,072)	(127,410,045)
Total	5,864,717,577	3,665,448,486	5,910,419,573	3,694,012,233
24. EMPLOYEE BENEFITS EXPENSES				
Salaries, Wages & Allowances	558,326,601	348,954,126	512,886,993	320,554,371
Contribution to Provident and Other Funds	24,956,409	15,597,756	21,800,317	13,625,198
Provision for Retirement Benefits {Refer (I) of Note 29.a}	27,080,681	16,925,426	(32,383,907)	(20,239,942)
Cost of Stock Option Reimbursable	30,129,915	18,831,197	57,193,032	35,745,645
Labour & Staff Welfare	28,053,555	17,533,472	26,129,716	16,331,073
Provision for Employees' Bonus	1,598,286,411	998,929,007	1,503,503,926	939,689,954
Total	2,266,833,572	1,416,770,984	2,089,130,077	1,305,706,299
25. MANUFACTURING, ADMIN, SELLING EXPENSES ETC.				
Hired Machine Expenses	72,915,515	45,572,197	66,206,724	41,379,203
Rent	64,210,793	40,131,746	60,852,317	38,032,698
Electricity, Fuel & Water	143,251,611	89,532,257	108,140,294	67,587,684
Rates & Taxes	26,643,025	16,651,891	104,911,836	65,569,898
Insurance Premium	97,110,164	60,693,853	94,790,996	59,244,373
Repairs & Improvements - Depreciable Assets	178,334,933	111,459,333	169,986,697	106,241,686
Maintenance - Owned Properties	6,840,547	4,275,342	6,409,517	4,005,948
Maintenance - Other Properties	6,436,836	4,023,023	6,431,495	4,019,684
Safety & Pollution Control Cost	32,331,869	20,207,418	36,847,296	23,029,560
Consumption of Stores & Spare Parts *	43,976,752	27,485,470	43,749,909	27,343,693
Freight and Handling charges	85,265,396	53,290,873	75,404,915	47,128,072
Product & Packaging Development - Tools / Accessories	9,374,981	5,859,363	18,583,275	11,614,547
Product Development & License Fees	630,631,962	394,144,976	603,664,632	377,290,395
Advertising	8,063,802	5,039,876	6,626,726	4,141,704
Market Research	23,725,720	14,828,575	19,638,195	12,273,872
Retail Accessories	11,820,336	7,387,710	34,356,922	21,473,076
Trade Distribution Expenses	126,865,377	79,290,861	134,766,294	84,228,934
Information Technology Services	114,338,422	71,461,514	100,877,721	63,048,576
Travel & Conveyance	84,711,711	52,944,819	77,142,270	48,213,919
Training & Recruitment Expenses	2,814,518	1,759,074	3,258,358	2,036,474
Postage, Telephone, Fax etc.	5,368,329	3,355,206	5,955,088	3,721,930
Bank Charges and Commission	4,860,986	3,038,116	5,261,969	3,288,731
Audit Fees	1,110,000	693,750	925,000	578,125
Legal Fees	1,966,700	1,229,188	5,190,700	3,244,188
Printing & Stationery	6,855,972	4,284,983	6,560,319	4,100,199
Consultancy Charges	457,233,799	285,771,124	404,480,912	252,800,570
Professional Service Charges & Other Fees	129,624,824	81,015,515	106,694,541	66,684,088
Business Entertainment Expenses	5,631,409	3,519,631	7,192,352	4,495,220
Promotion & Sponsorship	16,840,827	10,525,517	16,413,250	10,258,281
Board Meeting Fees	88,235	55,147	70,588	44,118
Donations	618,000	386,250	787,500	492,188
Books & Periodicals	326,130	203,831	192,914	120,571
Membership Fee	705,690	441,056	747,530	467,206
Loss / (gain) on Property, Plant & Equipment Sold / Discarded (Net)	(1,957,756)	(1,223,598)	(19,632,108)	(12,270,068)
Doubtful and Bad Advances, Loans and Deposits	216,493	135,308	–	–
Miscellaneous Expenses {Refer (v) of Note 30}	15,070,878	9,419,299	3,141,004	1,963,128
Total	2,414,224,786	1,508,890,494	2,316,627,948	1,447,892,471

* Includes writeback of provision for obsolescence of spares NRs. Nil (₹ Nil) [2074/75 - NRs. 7,997,201 (₹ 4,998,251)].

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Figures in NRs. For the Year 31st Asadh 2076 (16th July 2019)	Figures in ₹ For the Year 31st Asadh 2076 (16th July 2019)	Figures in NRs. For the Year 32nd Asadh 2075 (16th July 2018)	Figures in ₹ For the Year 32nd Asadh 2075 (16th July 2018)
26. OTHER INCOME				
Interest Income from:				
a) Depsoits with bank - carried at amortised cost	550,662,700	344,164,188	379,436,878	237,148,049
b) Investments - measured at amortised cost	(2,465,423)	(1,540,889)	1,470,625	919,141
c) Employee loans - measured at amortised cost	732,001	457,501	944,570	590,356
d) Others - Interest received from customers, etc.	10,659,832	6,662,395	7,530,412	4,706,508
Net foreign exchange gain / (loss)	(6,345,961)	(3,966,226)	(4,050,013)	(2,531,258)
Total	553,243,149	345,776,969	385,332,472	240,832,796
27. FINANCE COST				
Interest expenses:				
a) On financial liabilities measured at amortised cost				
- Interest on Short Term Loans / Overdrafts	3,471,677	2,169,798	17,805,151	1,11,28,219
b) Others				
- Interest on Trading Debts	4,597,826	2,873,641	5,134,848	32,09,280
- Others	51,100,000	31,937,500	–	–
Total	59,169,503	36,980,939	22,939,999	1,43,37,499
28. TAX EXPENSE				
A. Amount recognised in Profit or Loss				
Current Tax	4,441,747,650	2,776,092,281	4,10,14,68,015	2,563,417,509
Deferred Tax	(66,632,413)	(41,645,258)	(95,75,227)	(5,984,517)
Adjustments/(credits) related to previous years - Net	24,467,532	15,292,208	16,90,00,000	105,625,000
Total	4,399,582,769	2,749,739,231	4,260,892,788	2,663,057,992
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	(5,941,363)	(3,713,352)	11,718,398	7,323,999
Total	(5,941,363)	(3,713,352)	11,718,398	7,323,999
C. Reconciliation between tax expense and accounting profit				
Profit before tax	14,384,577,699	8,990,361,059	13,531,535,332	8,457,209,577
Income Tax expense calculated at the applicable tax rate (Cigarettes Manufacturing @ 30%, Other Manufacturing @ 20%, Exports @ 20% and Trading @ 25%)	4,319,194,935	2,699,496,834	4,059,531,188	2,537,206,991
Factors affecting tax charge for the year				
Effects of:				
– Difference in tax treatment of certain expense	47,074,432	29,421,520	30,779,484	19,237,178
– Adjustments recognised in the current year in relation to previous years	24,467,532	15,292,208	169,000,000	105,625,000
– Unused tax losses not recognised	1,140,618	712,886	1,582,116	988,823
– Others	7,705,252	4,815,783	–	–
Income Tax recognised in profit or loss	4,399,582,769	2,749,739,231	4,260,892,788	2,663,057,992

29.a. Defined Benefit Plans

The Company provides defined benefit in the form of Gratuity and other retirement benefits. Gratuity is funded and deposited with the designated funds {e.g. Citizen Investment Trust (CIT)} 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.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professional qualified actuaries, 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.

Consequent to introduction of the Labour Act, 2074 during the previous year, the erstwhile defined benefit plan relating to Gratuity for certain employees was replaced by a defined contribution plan. 'Benefits Paid' for the year ended 32nd Asadh, 2075 (16th July, 2018) includes an amount of NRs. 99,694,220 (₹ 62,308,888) (in Table VI below) pertaining to such employees which is lying currently with the CIT. This amount will be dealt with as per the provisions of the Contribution Based Social Security Act, 2074.

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 32nd Asadh, 2075 (16th July, 2018)	
			Gratuity	Other Retire-ment Benefits	Gratuity	Other Retire-ment Benefits	Gratuity	Other Retire-ment Benefits	Gratuity	Other Retire-ment Benefits
			Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
1	**Components of Employer Expense**									
	–	**Recognised in Profit or Loss**								
	1	Current Service Cost	11,151,870	6,820,885	6,969,919	4,263,053	11,024,446	5,034,936	6,890,279	3,146,835
	2	Past Service Cost	–	3,400,905	–	2,125,566	(38,557,646)	(9,087,650)	(24,098,529)	(5,679,781)
	3	Net Interest Cost	355,429	5,351,592	222,143	3,344,745	(6,394,046)	5,596,053	(3,996,279)	3,497,533
	4	**Total expense recognised in the Statement of Profit or Loss**	**11,507,299**	**15,573,382**	**7,192,062**	**9,733,364**	**(33,927,246)**	**1,543,339**	**(21,204,529)**	**964,587**

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 32nd Asadh, 2075 (16th July, 2018)	
			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)	373,908	–	233,692	–	2,406,539	–	1,504,087	–
	6	Effect of Changes in demographic assumptions	–	(663,863)	–	(414,914)	1,937,142	69,767	1,210,714	43,604
	7	Effect of Changes in financial assumptions	–	–	–	–	(5,278,968)	(2,618,942)	(3,299,355)	(1,636,839)
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–	–	–
	9	Effect of experience adjustments	(10,202,354)	(9,312,234)	(6,376,471)	(5,820,146)	49,566,753	(7,020,966)	30,979,221	(4,388,104)
	10	**Total re-measurements included in Other Comprehensive Income**	**(9,828,446)**	**(9,976,097)**	**(6,142,779)**	**(6,235,060)**	**48,631,466**	**(9,570,141)**	**30,394,667**	**(5,981,339)**
	11	**Total defined benefit cost recognised in Statement of Profit or Loss and Other Comprehensive Income (4+10)**	**1,678,853**	**5,597,285**	**1,049,283**	**3,498,304**	**14,704,220**	**(8,026,802)**	**9,190,138**	**(5,016,752)**

The current service cost, past service cost and net interest cost for the year pertaining to Gratuity and Other Retirement Benefit expenses have been recognised in "Provision for Retirement Benefits" under Note 24. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.

		Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
		For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 32nd Asadh, 2076 (16th July, 2018)		For the year ended 32nd Asadh, 2075 (16th July, 2018)	
		Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits	Gratuity	Other Retirement Benefits
II	**Actual Returns**	10,960,975	–	6,850,609	–	10,524,216	–	6,577,635	–

III	**Net Asset/(Liability) recognised in Statement of Financial Position**									
	1	Present Value of Defined Benefit Obligation	179,014,146	82,048,602	111,883,841	51,280,376	167,634,583	76,451,317	104,771,614	47,782,073
	2	Fair Value on Plan Assets	170,923,436	–	106,827,148	–	152,930,363	–	95,581,477	–
	3	Status [Surplus/(Deficit)]	(8,090,710)	(82,048,602)	(5,056,694)	(51,280,376)	(14,704,220)	(76,451,317)	(9,190,138)	(47,782,073)
	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, 2076 (16h July, 2019)		As at 31st Asadh, 2076 (16h July, 2019)		As at 32nd Asadh, 2075 (16th July, 2018)		As at 32nd Asadh, 2075 (16th July, 2018)	
			Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
		Gratuity	(8,090,710)	–	(5,056,694)	–	(14,704,220)	–	(9,190,138)	–
		Other Retirement Benefits	(4,516,245)	(77,532,357)	(2,822,653)	(48,457,723)	(4,006,887)	(72,444,430)	(2,504,304)	(45,277,769)

			Figures in NRs.		Figures in ₹		Figures in NRs.		Figures in ₹	
			For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 31st Asadh, 2076 (16th July, 2019)		For the year ended 32nd Asadh, 2075 (16th July, 2018)		For the year ended 32nd Asadh, 2075 (16th July, 2018)	
			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	167,634,583	76,451,317	104,771,614	47,782,073	248,790,241	87,708,119	155,493,901	54,817,574
	2	Current Service Cost	11,151,870	6,820,885	6,969,919	4,263,053	11,024,446	5,034,936	6,890,279	3,146,835
	3	Past service cost	–	3,400,905	–	2,125,566	(38,557,646)	(9,087,650)	(24,098,529)	(5,679,781)
	4	Interest Cost	11,690,312	5,351,592	7,306,445	3,344,745	6,536,708	5,596,053	4,085,442	3,497,533
	5	Remeasurement gains/(losses):	–	–	–	–	–	–	–	–
	a	Effect of Changes in demographic assumptions	–	(663,863)	–	(414,914)	1,937,142	69,767	1,210,714	43,604
	b	Effect of Changes in financial assumptions	–	–	–	–	(5,278,968)	(2,618,942)	(3,299,355)	(1,636,839)
	c	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–	–	–
	d	Effect of experience adjustments	(10,202,354)	(9,312,234)	(6,376,471)	(5,820,146)	49,566,753	(7,020,966)	30,979,221	(4,388,104)
	6	Curtailment Cost/(Credits)	–	–	–	–	–	–	–	–
	7	Settlement Cost/(Credits)	–	–	–	–	(99,694,220)	–	(62,308,888)	–
	8	Liabilities assumed in business combination	–	–	–	–	–	–	–	–
	9	Exchange difference on foreign plans	–	–	–	–	–	–	–	–
	10	Benefits Paid	(1,260,265)	–	(787,666)	–	(6,689,873)	(3,230,000)	(4,181,171)	(2,018,750)
	11	**Present Value of DBO at the end of the year**	**179,014,146**	**82,048,602**	**111,883,841**	**51,280,377**	**167,634,583**	**76,451,317**	**104,771,614**	**47,782,072**

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, 2076 (16th July, 2019)	As at 31st Asadh, 2076 (16th July, 2019)	As at 32nd Asadh, 2075 (16th July, 2018)	As at 32nd Asadh, 2075 (16th July, 2018)
	Gratuity	8,090,710	5,056,694	14,704,220	9,190,138

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			Figures in NRs. For the year ended 31st Asadh, 2076 (16th July, 2019)		Figures in ₹ For the year ended 31st Asadh, 2076 (16th July, 2019)		Figures in NRs. For the year ended 32nd Asadh, 2075 (16th July, 2018)		Figures in ₹ For the year ended 32nd Asadh, 2075 (16th July, 2018)	
			Gratuity	Other Retire-ment Benefits	Gratuity	Other Retire-ment Benefits	Gratuity	Other Retire-ment Benefits	Gratuity	Other Retire-ment Benefits
VI	**Change in Fair Value of Assets**									
	1	Plan Assets at beginning of the year *	152,930,363	–	95,581,477	–	244,938,981	–	153,086,863	–
	2	Asset acquired in Business Combination	–	–	–	–	–	–	–	–
	3	Interest Income	11,334,883	–	7,084,302	–	12,930,754	–	8,081,721	–
	4	Remeasurement Gains/(Losses) on plan assets	(373,908)	–	(233,692)	–	(2,406,539)	–	(1,504,087)	–
	5	Actual Company Contributions	8,292,363	–	5,182,727	–	3,851,260	3,230,000	2,407,038	2,018,750
	6	Benefits Paid	(1,260,265)	–	(787,666)	–	(106,384,093)	(3,230,000)	(66,490,058)	(2,018,750)
	7	**Plan Assets at the end of the year**	**170,923,436**	–	**10,68,27,148**	–	**152,930,363**	–	**95,581,477**	–

VII	**Actuarial Assumptions**	As at 31st Asadh, 2076 (16th July, 2019)		As at 32nd Asadh, 2075 (16th July, 2018)	
		Discount Rate (%)		Discount Rate (%)	
	Gratuity	7.00%		7.00%	
	Other Retirement Benefits	7.00%		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, 2076 (16th July, 2019)		As at 32nd Asadh, 2075 (16th July, 2018)	
	1	Citizen Investment Trust Managed Funds*	100%		100%	

* In the absence of detailed information regarding plan assets which is funded with Citizen Investment Trust, 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. For the year ended 31st Asadh, 2076 (16th July, 2019)		Figures in ₹ For the year ended 31st Asadh, 2076 (16th July, 2019)		Figures in NRs. For the year ended 32nd Asadh, 2075 (16th July, 2018)		Figures in ₹ For the year ended 32nd Asadh, 2075 (16th July, 2018)	
			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	179,014,146	82,048,602	111,883,841	51,280,376	167,634,583	76,451,317	104,771,614	47,782,073
	2	Fair Value on Plan Assets	170,923,436	–	106,827,148	–	152,930,363	–	95,581,477	–
	3	Status [Surplus/(Deficit)]	(8,090,710)	(82,048,602)	(5,056,694)	(51,280,376)	(14,704,220)	(76,451,317)	(9,190,138)	(47,782,073)
	4	Experience Adjustment of Plan Assets [Gain / (loss)]	(373,908)	–	(233,692)	–	(2,406,539)	–	(1,504,087)	–
	5	Experience Adjustment of Obligation [(Gain) / Loss]	(10,202,354)	(9,312,234)	(6,376,471)	(5,820,146)	49,566,753	(7,020,966)	30,979,221	(4,388,104)

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 the Sensitivity Analysis from previous year.

			Figures in NRs. DBO as at 31st Asadh, 2076 (16th July, 2019)	Figures in ₹ DBO as at 31st Asadh, 2076 (16th July, 2019)	Figures in NRs. DBO as at 32nd Asadh, 2075 (16th July, 2018)	Figures in ₹ DBO as at 32nd Asadh, 2075 (16th July, 2018)
	1	Discount rate +100 basis points	245,778,812	153,611,757	228,761,662	142,976,039
	2	Discount rate -100 basis points	278,039,292	173,774,558	261,290,888	163,306,805
	3	Salary Increase Rate +1%	272,232,702	170,145,439	255,649,101	159,780,688
	4	Salary Increase Rate -1%	250,901,518	156,813,449	233,618,369	146,011,480

Maturity Analysis Of The Benefit Payments

	1	Year 1	13,911,428	8,694,643	44,561,496	27,850,935
	2	Year 2	32,661,901	20,413,688	12,988,836	8,118,023
	3	Year 3	25,871,044	16,169,403	28,915,897	18,072,436
	4	Year 4	18,386,249	11,491,406	22,489,413	14,055,883
	5	Year 5	23,982,024	14,988,765	16,706,531	10,441,582
	6	Next 5 Years	109,401,598	68,375,999	104,242,691	65,151,682

b. Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds" in Note 24.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

30. Additional Notes to the Financial Statements

(i) These financial statements were authorised for issue by the Board of Directors on 13th Ashwin 2076 (30th September 2019).

(ii) Cost of inventory recognized as expense during the year amount to NRs. 7,200,559,738 (₹ 4,500,349,836) [2074/75 – NRs. 7,301,927,094 (₹ 4,563,704,434)].

(iii) Estimated amount of contracts remaining to be executed on capital account and not provided for NRs. 177,367,970 (₹ 110,854,981) [2074/75 - NRs. 319,304,103 (₹ 199,565,064)].

(iv) Remuneration to Managing Director :

Particulars	For the year ended 31st Asadh 2076 (16th July 2019) In NRs.	For the year ended 31st Asadh 2076 (16th July 2019) In ₹	**For the year ended 32nd Asadh 2075 (16th July 2018) In NRs.**	**For the year ended 32nd Asadh 2075 (16th July 2018) In ₹**
Salary & Allowances	23,844,149	14,902,593	18,723,021	11,701,888
Other Benefits *	2,742,040	1,713,775	2,461,724	1,538,578
Post Employment Benefits	**	**	**	**
Total	**26,586,189**	**16,616,368**	**21,184,745**	**13,240,466**

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. 30,129,915 (₹ 18,831,197) for the year ended 31st Asadh 2076 [2074/75 – NRs. 57,193,032 (₹ 35,745,645)], out of which NRs. 12,156,352 (₹ 7,597,720) [2074/75 – NRs. 23,177,936 (₹ 14,486,210)] is attributable to Managing Director. During the year, no options (2074/75 – 25,300 options) were granted to the Managing Director.

* Other Benefits includes amounts incurred/reimbursed by the Company towards Residential Rent & Maintenance, Fuel & Driver Salary for Vehicle, Vehicle Repairs & Maintenance etc.

** Post employment benefits are actuarially determined on overall basis for all employees.

(v) Miscellaneous Expenses include reimbursement of expenses to statutory auditors amounting to NRs. 136,600 (₹ 85,375) [2074-75 - NRs. 156,525 (₹ 97,828)].

(vi) 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
3. Associate of Holding Company
   a) Gujarat Hotels Limited, India
   b) International Travel House Limited, India
   – being associates of the Holding Company, and
   c) Tobacco Manufacturers (India) Limited, UK
   – of which the Holding Company is an associate
4. Associates of Holding Company's subsidiaries
   a) Russell Investments Limited, India
   b) Divya Management Limited, India
   c) Antrang Finance Limited, India

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

– being associates of Russell Credit Limited, India and

d) ATC Limited, India

– being associate of Gold Flake Corporation Limited, India

5. Joint Venture 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
A K Mukerji	Non-Executive Director (up to 17th July 2018)
S Dutta	Non-Executive Director (w.e.f. 18th July 2018)
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
Abhimanyu Kumar Poddar	Managing Director

Disclosure of transactions between the Company and related parties and the status of outstanding balances as at 31st Asadh, 2076 (16th July, 2019):

Related Party Transactions Summary	For the year ended 31st Asadh, 2076 (16th July, 2019) In NRs.			For the year ended 32nd Asadh, 2075 (16th July, 2018) In NRs.		
	Holding Company	Fellow Subsidiaries	Key Management Personnel*	Holding Company	Fellow Subsidiaries	Key Management Personnel*
Purchase of Goods/ Services	4,483,342,190	54,019,119	-	5,213,144,127	60,211,053	-
Sitting Fees/ Incidental Expenses to Other Directors	-	-	123,529	-	-	82,353
Cost of Stock Option Reimbursable	30,129,915	-	-	57,193,032	-	-
Hired Machine Expenses	58,862,231	-	-	59,797,396	-	-
Dividend Payments	5,388,163,200	-	-	4,180,881,600	-	-
Expenses recovered	2,726,174	-	-	4,273,790	-	-
Expenses reimbursed	12,160,223	-	-	770,975	-	-
Advances Given	2,699,505,888	-	-	2,132,642,792	-	-
Outstanding Balances						
- Advances / Other Receivables	2,264,444,885	–	–	1,638,774,389	–	–
- Creditors / Payables	438,590,185	35,376,162	-	491,859,094	21,649,863	-

Related Party Transactions Summary	For the year ended 31st Asadh, 2076 (16th July, 2019) In ₹			For the year ended 32nd Asadh, 2075 (16th July, 2018) In ₹		
	Holding Company	Fellow Subsidiaries	Key Management Personnel*	Holding Company	Fellow Subsidiaries	Key Management Personnel*
Purchase of Goods/ Services	2,802,088,869	33,761,949	–	3,258,215,079	37,631,908	–
Sitting Fees/ Incidental Expenses to Other Directors	–	–	77,206	–	–	51,471
Cost of Stock Option Reimbursable	18,831,197	–	–	35,745,645	–	–
Hired Machine Expenses	36,788,894	–	–	37,373,373	–	–
Dividend Payments	3,367,602,000	–	–	2,613,051,000	–	–
Expenses recovered	1,703,859	–	–	2,671,119	–	–
Expenses reimbursed	7,600,139	–	–	481,859	–	–
Advances Given	1,687,191,180	–	–	1,332,901,745	–	–
Outstanding Balances						
- Advances / Other Receivables	1,415,278,053	–	–	1,024,233,993	–	–
- Creditors / Payables	274,118,866	22,110,101	-	307,411,934	13,531,164	–

* also refer to Note 30 (iv).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Related Party Transactions Summary	For the year ended 31st Asadh, 2076 (16th July, 2019) In NRs.		For the year ended 32nd Asadh, 2075 (16th July, 2018) 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	5,727,850	670,869	3,684,925	921,289
Outstanding Balances				
- Creditors / Payables	199,565	-	7,407	-

Related Party Transactions Summary	For the year ended 31st Asadh, 2076 (16th July, 2019) In ₹		For the year ended 32nd Asadh, 2075 (16th July, 2018) In ₹	
	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	3,579,906	419,293	2,303,078	575,806
Outstanding Balances				
- Creditors / Payables	124,728	-	4,629	-

(vii) 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.

As reported in earlier years, the above basis of theoretical production has been rejected by the Supreme Court of Nepal vide its orders dated 29th October 2009 and 1st April 2010. 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) have been challenged by the Company by way of writ petitions in the Supreme Court of Nepal, which are pending:

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).

These petitions have been admitted by the Supreme Court of Nepal and show cause notices have been issued to the Inland Revenue Department. In one of the writ petitions, the Supreme Court of Nepal has issued interim order on 7th March, 2010, in relation to a Show Cause Notice for the financial year 2064-65 (2007-08), directing the Inland Revenue Department not to raise excise demand, pending final disposal of the writ petitions.

The Company's counsel has opined that the verdict of the Supreme Court of Nepal dated 29th October, 2009 will add substantial strength to the Company's pending cases relating to theoretical production.

The Management also considers that all the demands and show cause notice listed above have no legal or factual basis. Accordingly, the Management is of the view that there is no liability that is likely to arise, particularly in the light of the decisions in favour of the Company by the Supreme Court of Nepal and the Inland Revenue Department.

b) Other demands raised on account of:

1. Income Taxes for various assessment years amounting to NRs. 139,972,413 (₹ 87,482,758) [2074/75 - NRs. 275,972,010 (₹ 172,482,506)] (net of provision made for the above assessment years) including interest on claims, where applicable, estimated to be NRs. 65,808,753 (₹ 41,130,471) [2074/75 - NRs. 54,789,780 (₹ 34,243,613)] 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. 38,358,897 (₹ 23,974,311) [2074/75 - NRs. 32,752,830 (₹ 20,470,519)] including interest on claims, where applicable, estimated to be NRs. 8,411,795 (₹ 5,257,372) [2074-75 - NRs. 6,895,973 (₹ 4,309,983)] which are under appeal / reassessment.

(viii) 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 25 - Manufacturing, Selling and Administrative Expenses, etc.

(ix) Some of the employee(s) of the Company seconded from the Holding Company (ITC Limited), had been granted stock options under the ITC Employee Stock Option Scheme (ITC ESOS). These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. Each option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of ITC of Indian Rupee 1 each inter alia upon payment of exercise price.

These options had been granted at 'market price' within the meaning of Securities and Exchange Board of India (Share Based Employee 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. 30,129,915 (₹ 18,831,197) [2074/75 – NRs. 57,193,032 (₹ 35,745,645)] (Refer Note 24) 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.

The details of such options granted by ITC and status of the outstanding options is as under:

Particulars	2075/76 (2018/19)	2074/75 (2017/18)
	No. of Options	No. of Options
Outstanding at the beginning of the year	359,103	373,733
Add: Granted during the year	-	63,490
Add / (Less): Movement due to transfer of employees within group	-	(33,290)
Less: Exercised during the year	50,296	44,830
Outstanding at the end of the year	308,807	359,103
Options exercisable at the end of the year	247,753	242,345

(x) Figures have been rounded off to the nearest Nepalese Rupee.

(xi) Previous year's figures have been rearranged wherever necessary.

31. Financial Instruments and Related Disclosures

1. Capital Management

The primary objective of the company's capital management is to maximize the shareholder value. The Company aims at maintaining a strong capital base and augments its internal generations with a judicious use of borrowing facilities to fund spikes in working capital that arise from time to time as well as requirements to finance business growth. The Company monitors the return on capital employed based on asset turnover and profitability ratio.

The Company is not subject to any capital adequacy norms under regulations presently in force.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2. Categories of Financial Instruments

Particulars	Note	Amount in NRs. As at 31st Asadh 2076 (16th July 2019)		Amount in ₹ As at 31st Asadh 2076 (16th July 2019)		Amount in NRs. As at 32nd Asadh 2075 (16th July 2018)		Amount in ₹ As at 32nd Asadh 2075 (16th July 2018)	
		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	11	27,032,594	27,032,594	16,895,371	16,895,371	49,757,833	49,757,833	31,098,646	31,098,646
ii) Other Bank Balances	12	7,816,467,936	7,816,467,936	4,885,292,460	4,885,292,460	6,090,065,963	6,090,065,963	3,806,291,227	3,806,291,227
iii) Investments	9	–	–	–	–	25,632,338	22,625,000	16,020,211	14,140,625
iv) Loans	4	38,881,839	25,620,625	24,301,150	16,012,891	37,914,940	26,397,922	23,696,838	16,498,701
v) Trade Receivables	10	34,732,027	34,732,027	21,707,517	21,707,517	68,556,485	68,556,485	42,847,803	42,847,803
vi) Other Financial assets	5	56,506,242	56,385,067	35,316,401	35,240,667	30,385,160	30,176,593	18,990,726	18,860,370
Sub - total		**7,973,620,638**	**7,960,238,249**	**4,983,512,899**	**4,975,148,906**	**6,302,312,719**	**6,287,579,796**	**3,938,945,451**	**3,929,737,372**
b) Derivatives measured at fair value									
i) Derivative instruments not designated as hedging instruments	5	913,810	913,810	571,131	571,131	1,130,019	1,130,019	706,262	706,262
Sub - total		**913,810**	**913,810**	**571,131**	**571,131**	**1,130,019**	**1,130,019**	**706,262**	**706,262**
Total financial assets		**7,974,534,448**	**7,961,152,059**	**4,984,084,030**	**4,975,720,037**	**6,303,442,738**	**6,288,709,815**	**3,939,651,713**	**393,0443,634**
B. Financial liabilities									
a) Measured at amortised cost									
i) Borrowings	15	449,332,304	449,332,304	280,832,690	280,832,690	1,128,051,870	1,128,051,870	705,032,419	705,032,419
ii) Trade Payables	16	866,234,915	866,234,915	541,396,822	541,396,822	820,376,602	820,376,602	512,735,376	512,735,377
iii) Other financial liabilities	17	1,777,655,276	1,777,655,276	1,111,034,548	1,111,034,548	1,575,473,689	1,575,473,689	984,671,057	984,671,057
Sub - total		**3,093,222,495**	**3,093,222,495**	**1,933,264,060**	**1,933,264,060**	**3,523,902,161**	**3,523,902,161**	**2,202,438,852**	**2,202,438,853**
b) Derivatives measured at fair value									
i) Derivative instruments not designated as hedging instruments	17	3,466,069	3,466,069	2,166,293	2,166,293	835,286	835,286	522,054	522,054
Sub - total		**3,466,069**	**3,466,069**	**2,166,293**	**2,166,293**	**835,286**	**835,286**	**522,054**	**522,054**
Total financial liabilities		**3,096,688,564**	**3,096,688,564**	**1,935,430,353**	**1,935,430,353**	**3,524,737,447**	**3,524,737,447**	**2,202,960,906**	**2,202,960,907**

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, 2076 (16th July 2019)	**USD**	**EURO**	**GBP**	**Total**
Financial Assets	15,950,402	–	–	15,950,402
Financial Liabilities	41,937,057	–	–	41,937,057

				(Amount in ₹)
As at 31st Asadh, 2076 (16th July 2019)	**USD**	**EURO**	**GBP**	**Total**
Financial Assets	9,969,001	–	–	9,969,001
Financial Liabilities	26,210,661	–	–	26,210,661

				(Amount in NRs.)
As at 32nd Asadh, 2075 (16th July 2018)	**USD**	**EURO**	**GBP**	**Total**
Financial Assets	8,920,415	–	–	8,920,415
Financial Liabilities	48,150,002	–	–	48,150,002

				(Amount in ₹)
As at 32nd Asadh, 2075 (16th July 2018)	**USD**	**EURO**	**GBP**	**Total**
Financial Assets	5,575,259	–	–	5,575,259
Financial Liabilities	30,093,751	–	–	30,093,751

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, 2076 (16th July 2019) Buy**	**As at 31st Asadh, 2076 (16th July 2019) Sell**	**As at 32nd Asadh, 2075 (16th July 2018) Buy**	**As at 32nd Asadh, 2075 (16th July 2018) Sell**
US Dollar	NRs	1,444,083	63,113	898,825	–
Euro	NRs	–	–	20,782	–
GBP	NRs	–	–	1,910	–

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 and 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.

Counter party risk is managed by operating with highly rated commercial banks.

b) **Liquidity risk**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. The Company's investment decisions relating to deployment of surplus liquidity are guided by the tenets of safety, liquidity and return. The Company also maintains adequate credit lines with the commercial banks to fund spikes in working capital that arise from time to time.

The Company's Current assets aggregate to NRs.12,007,125,260 (₹ 7,504,453,286) [(2074/75– NRs. 12,238,499,572 (₹ 7,649,062,234)] including Cash and cash equivalents and Other bank balances of NRs.7,843,500,530 (₹ 4,902,187,831) [(2074/75–NRs. 6,139,823,796 (₹ 3,837,389,873)] against an aggregate Current liability (excluding borrowings) of NRs. 3,819,087,953 (₹ 2,386,929,976) [(2074/75–NRs. 3,460,851,311 (₹ 2,163,032,075)] on the reporting date.

Further, while the Company's total equity stands at NRs.15,133,588,406 (₹ 9,458,492,749)[(2074/75–NRs. 14,367,060,246 (₹ 8,979,412,652)], it has borrowings of NRs. 449,332,304 (₹ 280,832,690)[2074/75–NRs. 1,128,051,870 (₹ 705,032,419)]. 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.7,838,953,362 (₹ 4,899,345,851) [2074/75– NRs.6,114,446,005 (₹ 3,821,528,753)] 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. 34,732,027 (₹ 21,707,517) [2074/75– NRs. 68,556,485 (₹ 42,847,803)]. 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 2076 (16th July 2019)	32nd Asadh 2075 (16th July 2018)
Opening Balance	339,012	339,012
Add: Provisions Made-Net	–	–
Less: Utilisation for impairment / de-recognition	–	–
Closing Balance	339,012	339,012

(Amount in ₹)

Particulars	Expected Loss Provision	
	31st Asadh 2076 (16th July 2019)	32nd Asadh 2075 (16th July 2018)
Opening Balance	211,883	211,883
Add: Provisions Made-Net	–	–
Less: Utilisation for impairment / de-recognition	–	–
Closing Balance	211,883	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 2076 (16th July 2019)	As at 31st Asadh 2076 (16th July 2019)	As at 32nd Asadh 2075 (16th July 2018)	As at 32nd Asadh 2075 (16th July 2018)
A. Financial Assets					
a) Measured at amortised cost					
i) Investment in Government Bonds	2	–	–	22,625,000	14,140,625
ii) Loans *	3	18,102,221	11,313,888	19,093,150	11,933,219
iii) Other Financial Assets *	3	759,650	474,781	672,258	420,161
Sub-Total		**18,861,871**	**11,788,669**	**42,390,408**	**26,494,005**
b) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	2	913,810	571,131	1,130,019	706,262
Sub-Total		**913,810**	**571,131**	**1,130,019**	**706,262**
Total financial assets		**19,775,681**	**12,359,800**	**43,520,427**	**27,200,267**
B. Financial liabilities					

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

a) Derivatives measured at fair value						
	i) Derivative instruments not designated as hedging instruments	2	3,466,069	2,166,293	835,286	522,054
	Total financial liabilities		**3,466,069**	**2,166,293**	**835,286**	**522,054**

* Represents Fair Value of Non-current Financial Instruments.

Fair value hierarchy

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

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

Level 2: Inputs other than quoted price 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 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

Saurya SJB Rana
Alternate 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: : 13thAshwin 2076 (30thSeptember 2019)

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

1. Your Directors submit their Report for the financial year ended 31st March, 2020.

2. **COMPANY PERFORMANCE**

Your Company earned total income of ₹ 847.70 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.

During the latter part of the financial year, the COVID-19 pandemic and the consequent lockdown posed a formidable 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 and has facilitated restoration of normalcy in operations.

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

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
Profits		
a. Profit Before Tax	**7,45,24,064**	2,93,88,167
b. Less : Tax Expense	**15,48,541**	8,07,635
c. Profit After Tax	**7,29,75,523**	2,85,80,532
d. Add : Other Comprehensive Income / Loss	**(1,931)**	–
e. Total Comprehensive Income	**7,29,73,592**	2,85,80,532
Retained Earnings		
a. At the beginning of the year	**8,63,74,277**	5,77,93,745
b. Add : Profit for the year	**7,29,75,523**	2,85,80,532
c. Add : Other Comprehensive Income / Loss	**(1,931)**	–
d. At the end of the year	**15,93,47,869**	8,63,74,277

3. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) **Changes in Directors**

As you are aware, at the 85th Annual General Meeting ('AGM') held on 20th June, 2019, Mr. Abhijit Roy (DIN: 07883789) was appointed as a Non-Executive Director of your Company with effect from the said date.

During the year under review, Mr. Rajesh Poddar (DIN: 00297605) stepped down as a Non-Executive Director of your Company with effect from close of work on 6th November, 2019. Your Directors place on record their appreciation for the contribution made by Mr. Poddar during his tenure.

The Board of Directors of your Company ('the Board') appointed Ms. Nidhi Bajaj (DIN: 02171721) as an Additional Director of the Company with effect from 30th December, 2019. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 97 of the Articles of Association of the Company, Ms. Bajaj will vacate office at the ensuing AGM and is eligible for appointment as a Director of the Company.

Your Board at the meeting held on 8th June, 2020 recommended for the approval of the Members, the appointment of Ms. Bajaj 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 Ms. Bajaj, who has filed her consent to act as a Director of your Company, if appointed. Appropriate resolution seeking your approval to Ms. Bajaj's appointment is appearing in the Notice convening the ensuing AGM of the Company.

(b) **Changes in Key Managerial Personnel**

During the year under review, Ms. Nidhi Bajaj ceased to be the Manager and Company Secretary of the Company, on completion of her term, with effect from 30th September, 2019. In terms of the provisions of Sections 196, 197 and 203 of the Act, the Board appointed Mr. Ravi Varma as the Manager of the Company for a period of two years with effect from 1st October, 2019, subject to the approval of the Members of the Company. Mr. Varma was also appointed as the Company Secretary of the Company with effect from the said date. Mr. Varma ceased to be the Manager and Company Secretary of the Company with effect from 30th October, 2019.

The Board thereafter appointed Ms. Swati Rampuria as the Manager of the Company for a period of two years with effect from 1st January, 2020, in terms of the provisions of Sections 196, 197 and 203 of the Act, subject to approval of the Members of the Company. Ms. Rampuria 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.

(c) **Retirement by Rotation**

In accordance with the provisions of Section 152 of the Act read with Article 92 of 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.

4. **BOARD MEETINGS**

Seven meetings of the Board were held during the year ended 31st March, 2020.

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. **ASSOCIATE AND JOINT VENTURE**

The statement in Form No. 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 2019-20 (₹ in lakhs)	FY 2018-19 (₹ in lakhs)	**FY 2019-20 (₹ in lakhs)**	FY 2018-19 (₹ in lakhs)
ATC Limited (associate company)	**2,532.44**	2,366.77	**9.54**	30.88
ITC Essentra Limited (joint venture company)	**38,581.37**	36,098.90	**4,208.51**	3,279.44

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 **Annexure 1** 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. 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 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 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 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.

10. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2020, 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, 2020, 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.

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. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 2** to this Report.

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 2020-21. 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*
S. Dutta *Director*

Dated : 8th June, 2020

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2020

[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
V. Luharuka $	36	Chief Financial Officer	66,02,918/-	36,71,721/-	B. Com (Hons.), A.C.A.	12	01.01.2015	ITC Limited – Manager (Finance)
N. Bajaj *	36	Manager & Company Secretary	26,72,150/-	17,76,047/-	B. Com (Hons.), M.B.L., A.C.S.	12	01.10.2007 (date of deputation – 01.10.2015)	–
R. Varma #	34	Manager & Company Secretary	1,42,989/-	1,26,919/-	B. Com (Hons.), F.C.S.	8	01.10.2019	Texmaco Rail & Engineering Limited – Company Secretary
S. Rampuria	30	Manager & Company Secretary	2,72,276/-	2,28,725/-	B. Com (Hons.), A.C.S.	6	01.01.2020	Antrang Finance Limited – Manager & Company Secretary

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

** Was on deputation from ITC and ceased to be the Manager & Company Secretary on completion of term with effect from 30th September, 2019.*

 # Was on deputation from ITC and ceased to be the Manager & Company Secretary with effect from 30th October, 2019.

Notes:

1. Gross Remuneration includes salary, variable pay, Company's contribution to provident fund, 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.
2. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund, if any.
3. The Chief Financial Officer 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) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Chief Financial Officer and the erstwhile Manager & Company Secretary (Ms. N. Bajaj) 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.
4. All appointments (except deputed employee) are / were contractual in accordance with terms and conditions as per Company's rules.
5. The aforesaid employees are / were neither relative of any Director / Manager of the Company nor hold any equity share in the Company in their individual capacity.

On behalf of the Board

R. Tandon *Chairman*
S. Dutta *Director*

Dated : 8th June, 2020

Annexure 2 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U16003WB1935PLC008314
ii) Registration Date	:	26th June, 1935
iii) Name of the Company	:	Gold Flake Corporation Limited
iv) Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v) Address of the Registered office and contact details	:	Virginia House 37 J. L. Nehru Road Kolkata – 700 071 Phone: 033 2288 4086 / 6228 / 1946 Fax: 033 2288 9980 e-mail ID: GoldFlakeCorporation.Limited@itc.in
vi) Whether listed company	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated: NOT APPLICABLE

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in / by the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)
2.	ATC Limited 35 Rajaji Nagar Hosur – 635 126	U16000TZ1973PLC018100	Associate company	47.50%	2(6)
3.	ITC Essentra Limited Survey No. 139/140 Veerapura Village, Kasaba Hobli Doddaballapur Taluk Bengaluru – 561 203	U85110KA1993PLC014278	Joint venture company	50.00%	2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) **Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual / HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	1,59,98,385	1,59,98,385	100.00	–	1,59,98,385	1,59,98,385	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**–**	**1,59,98,385**	**1,59,98,385**	**100.00**	**–**	**1,59,98,385**	**1,59,98,385**	**100.00**	**Nil**
(2) **Foreign**									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**1,59,98,385**	**1,59,98,385**	**100.00**	**–**	**1,59,98,385**	**1,59,98,385**	**100.00**	**Nil**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	–	–	–	–	–	–	–	–	**N.A.**
(2) **Non-Institutions**									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B) = (B)(1)+(B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	**–**	**1,59,98,385**	**1,59,98,385**	**100.00**	**–**	**1,59,98,385**	**1,59,98,385**	**100.00**	**Nil**

(ii) **Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	1,59,98,385	100.00	Nil	1,59,98,385	100.00	Nil	Nil

(iii) **Change in Promoters' Shareholding (please specify, if there is no change):**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** NOT APPLICABLE

(v) **Shareholding of Directors and Key Managerial Personnel:** None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	S. Rampuria (Manager & Company Secretary) *(refer Note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,59,356
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	12,920
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total Amount (A)		**2,72,276**
Ceiling as per the Companies Act, 2013 *(5% of the net profits of the Company computed in accordance with Section 198 of the said Act)*		38,14,850

Note: Ms. S. Rampuria was appointed by the Board with effect from 1st January, 2020, subject to approval of the Members of the Company. The statutory provisions apply with respect to notice period and severance fee.

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	N. Bajaj				
	S. Dutta				
	A. Roy				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**2,72,276**
Overall ceiling as per the Companies Act, 2013 *(11% of the net profits of the Company computed in accordance with Section 198 of the said Act)*					83,92,670

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	V. Luharuka (Chief Financial Officer) *(refer Note)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	56,90,186
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	7,60,272
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total Amount		**64,50,458**

Note: Mr. V. Luharuka is on deputation from ITC Limited (ITC). He has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / 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.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013: None

On behalf of the Board

R. Tandon *Chairman*

Dated : 8th June, 2020 S. Dutta *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, 2020, 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, 2020, 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 Director's report including Annexures to Director's 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 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 Responsibility 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.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2019, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on April 23, 2019.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 20109360AAAAAW6080

Place of Signature: Mumbai
Date: 08 June, 2020

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) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(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) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii). The Company does not have any inventory and accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of Section 185 of the Companies Act, 2013 apply and hence not commented upon. Provisions of Section 186 of the Companies Act, 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, goods and services tax, cess and other statutory dues applicable to it. Employees' state insurance, provident fund, excise duty and duty of custom are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-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. Employees' state insurance, provident fund, excise duty and duty of custom 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 services tax and cess which have not been deposited on account of any dispute.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) 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, 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) insofar as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, 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 Act.

(xvi) 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 20109360AAAAAW6080

Place of Signature: Mumbai
Date: 08 June, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF GOLD FLAKE CORPORATION LIMTED

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 Gold Flake Corporation Limited ("the Company") as of March 31, 2020 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 (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, 2020, 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 Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 20109360AAAAAW6080

Place of Signature: Mumbai
Date: 08 June, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

	Note		As at 31st March, 2020 (₹)		As at 31st March, 2019 (₹)
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	3		2,087		2,087
(b) Financial Assets					
(i) Investments	4		6,00,63,750		6,00,63,750
(ii) Others	5		–		2,35,00,000
(c) Other non-current assets	6A		–		7,36,711
Current assets					
(a) Financial Assets					
(i) Investments	7	3,03,30,675		61,72,049	
(ii) Cash and cash equivalents	8	7,15,785		1,28,295	
(iii) Other Bank Balances	9	21,64,30,007		15,25,31,504	
(iv) Others	10	2,20,12,828	26,94,89,295	1,21,85,980	17,10,17,828
TOTAL ASSETS			32,95,55,132		25,53,20,376
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	11	15,99,83,850		15,99,83,850	
(b) Other Equity		16,80,74,092	32,80,57,942	9,51,00,500	25,50,84,350
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Other financial liabilities	12		58,178		1,71,226
(b) Provisions	13		78,258		–
(c) Deferred tax liabilities	14		2,65,015		–
Current liabilities					
(a) Financial Liabilities					
(i) Other financial liabilities	12		5,76,562		64,800
(b) Current tax liabilities (Net)	6B		4,95,992		–
(c) Other liabilities	15		23,185		–
TOTAL EQUITY AND LIABILITIES			32,95,55,132		25,53,20,376

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

Firoz Pradhan
Partner
(Membership Number: 109360)
Mumbai, 8th June, 2020

R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer*
S. DUTTA *Director*
S. RAMPURIA *Manager & Company Secretary*

Kolkata, 8th June, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

		Note	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
I	Other Income	16	8,47,70,087	4,01,26,412
	Total Income (I)		8,47,70,087	4,01,26,412
II	**EXPENSES**			
	Employee benefits expense	17	1,00,26,177	1,04,37,369
	Depreciation expense		–	8,834
	Other expenses	18	2,19,846	2,92,042
	Total Expenses (II)		1,02,46,023	1,07,38,245
III	**Profit before tax (I - II)**		7,45,24,064	2,93,88,167
IV	**Tax expense:**			
	Current Tax	19A	12,82,876	8,07,635
	Deferred Tax	19A	2,65,665	–
V	**Profit for the year (III - IV)**		7,29,75,523	2,85,80,532
VI	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of defined benefit plans	20(iii)	(2,581)	–
	(ii) Income tax on items that will not be reclassified to profit or loss	19B	650	–
	Other Comprehensive Income [(i) + (ii)]		(1,931)	–
VII	**Total Comprehensive Income for the year (V + VI)**		7,29,73,592	2,85,80,532
VIII	Earnings per equity share (Face Value of ₹ 10.00 each):			
	- Basic and Diluted (in ₹)	20 (i)	4.56	1.79

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

Firoz Pradhan
Partner
(Membership Number: 109360)
Mumbai, 8th June, 2020

R. TANDON *Chairman*
V. LUHARUKA *Chief Financial Officer*
S. DUTTA *Director*
S. RAMPURIA *Manager & Company Secretary*

Kolkata, 8th June, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity Share Capital (₹)

	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, 2019	15,99,83,850	–	15,99,83,850
For the year ended 31st March, 2020	**15,99,83,850**	**–**	**15,99,83,850**

B. Other Equity (₹)

	Reserves and Surplus		Total
	General Reserve	Retained Earnings	
Balance as at 1st April, 2018	**87,26,223**	**5,77,93,745**	**6,65,19,968**
Profit for the year	-	2,85,80,532	2,85,80,532
Other Comprehensive Income (net of tax)	-	-	-
Balance as 31st March, 2019	**87,26,223**	**8,63,74,277**	**9,51,00,500**
Profit for the year	-	7,29,75,523	7,29,75,523
Other Comprehensive Income (net of tax)	-	(1,931)	(1,931)
Balance as at 31st March, 2020	**87,26,223**	**15,93,47,869**	**16,80,74,092**

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)

On behalf of the Board

Firoz Pradhan
Partner
(Membership Number: 109360)

R. TANDON *Chairman*
S. DUTTA *Director*
V. LUHARUKA *Chief Financial Officer*
S. RAMPURIA *Manager & Company Secretary*

Mumbai, 8th June, 2020

Kolkata, 8th June, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

		For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
A.	**Cash Flow from Operating Activities**		
	PROFIT BEFORE TAX	**7,45,24,064**	2,93,88,167
	ADJUSTMENTS FOR:		
	Depreciation expense	–	8,834
	Interest Income	(1,57,54,125)	(1,19,12,974)
	Dividend Income	(6,75,00,000)	(2,70,00,000)
	Net (gain)/loss arising on investments mandatorily measured at Fair value through profit or loss	(15,15,962)	(12,13,438)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**(1,02,46,023)**	(1,07,29,411)
	ADJUSTMENTS FOR:		
	Security deposit	90,000	(90,000)
	Provisions	75,678	–
	Other non-current asset	(294)	–
	Other financial liabilities	4,21,898	1,71,226
	CASH USED IN OPERATIONS	**(96,58,741)**	(1,06,48,185)
	Income tax paid	(1,40,173)	(7,40,375)
	NET CASH USED IN OPERATING ACTIVITIES	**(97,98,914)**	(1,13,88,560)
B.	**Cash Flow from Investing Activities**		
	Purchase of current investments	(7,78,49,000)	(31,47,80,000)
	Sale / redemption of current investments	5,52,06,337	31,23,49,038
	Dividend Income	6,75,00,000	2,70,00,000
	Interest received	1,52,27,571	1,22,37,317
	Investment in bank deposits (original maturity more than 3 months)	(23,82,41,070)	(49,45,34,438)
	Redemption / maturity of bank deposits (original maturity more than 3 months)	20,85,42,566	47,97,97,873
	Investment in deposit with housing finance company	(2,00,00,000)	(1,07,00,000)
	NET CASH FROM INVESTING ACTIVITIES	**1,03,86,404**	1,13,69,790
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)	**5,87,490**	(18,770)
	OPENING CASH AND CASH EQUIVALENTS	**1,28,295**	1,47,065
	CLOSING CASH AND CASH EQUIVALENTS (Note 8)	**7,15,785**	1,28,295

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".

The accompanying notes 1 to 20 are an integral part of the Financial Statements.

In terms of our report attached.

For S R B C & CO LLP
Chartered Accountants
(Firm Registration Number: 324982E/E300003)

On behalf of the Board

Firoz Pradhan
Partner
(Membership Number:109360)

R. TANDON *Chairman*
S. DUTTA *Director*
V. LUHARUKA *Chief Financial Officer*
S. RAMPURIA *Manager & Company Secretary*

Mumbai, 8th June, 2020

Kolkata, 8th June, 2020

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. It continues to explore newer growth opportunities. The temporary surplus funds of the Company, in the meantime, have been deployed in 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 Ventures

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.

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 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.

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 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 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 still unfolding 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.

NOTES TO THE FINANCIAL STATEMENTS (contd.)

(₹)

Particulars	Gross Block							Depreciation and Amortization							Net Book Value	
	As at 31st March, 2018	Additions	Withdrawals and adjustments	As at 31st March, 2019	**Additions**	**Withdrawals and adjustments**	**As at 31st March, 2020**	Upto 31st March, 2018	For the year	On Withdrawals and adjustments	Upto 31st March, 2019	**For the year**	**On Withdrawals and adjustments**	**Upto 31st March, 2020**	**As at 31st March, 2020**	As at 31st March, 2019
3. Property, plant and equipment Office Equipment	41,739	–	–	41,739	–	–	**41,739**	30,818	8,834	–	39,652	–	–	**39,652**	**2,087**	2,087
TOTAL	41,739	–	–	41,739	–	–	**41,739**	30,818	8,834	–	39,652	–	–	**39,652**	**2,087**	2,087

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
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	83,47,500	83,47,500
1,39,125 Equity Shares of ₹ 100.00 each, ₹ 70.00 paid	2,92,16,250	2,92,16,250
In Joint Ventures (at cost)		
ITC Essentra Limited		
22,50,000 Equity Shares of ₹ 10.00 each, fully paid	2,25,00,000	2,25,00,000
TOTAL	**6,00,63,750**	6,00,63,750
5. Other Financial assets	**Non-Current**	Non-Current
Bank deposits with more than 12 months maturity	–	2,35,00,000
TOTAL	–	2,35,00,000
	Non-Current	Non-Current
6A. Other non-current assets		
Advance Tax (net of provisions)	–	6,46,711
Deposits		
– Others	–	90,000
TOTAL	–	7,36,711
6B. Current tax liabilities (Net)		
Current taxation (net of advance payment)	4,95,992	–
TOTAL	**4,95,992**	–
7. Current investments	**Unquoted**	Unquoted
(at fair value through profit or loss, unless stated otherwise)		
INVESTMENT IN MUTUAL FUNDS		
Aditya Birla Sun Life Savings Fund		
Nil (2019 - 4,481) units of ₹ 100.00 each	–	16,66,058
Aditya Birla Sun Life Liquid Fund	–	–
3,097 (2019 - 5,023) units of ₹ 100.00 each	9,84,043	15,01,928
ICICI Prudential Savings Fund		
34,959 (2019 - Nil) units of ₹ 100.00 each	1,36,47,128	–
ICICI Prudential Liquid Fund		
Nil (2019 - 5,453) units of ₹ 100.00 each	–	15,01,875
Kotak Corporate Bond Fund		
5,688 (2019 - Nil) units of ₹ 1000.00 each	1,56,99,504	–
SBI Liquid Fund		
Nil (2019 - 515) units of ₹ 1000.00 each	–	15,02,188
TOTAL	**3,03,30,675**	61,72,049
Aggregate amount of unquoted investments	**3,03,30,675**	61,72,049
8. Cash and cash equivalents[@]		
Balances with Banks		
Current accounts	6,58,081	1,28,295
Cheques, drafts on hand	57,704	–
TOTAL	**7,15,785**	1,28,295

[@] 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.

9. Other bank balances		
In deposit accounts *	21,64,30,007	15,25,31,504
TOTAL	**21,64,30,007**	15,25,31,504

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

10. Other Financial assets	**Current**	Current
Deposits	2,00,00,000	1,07,00,000
Interest accrued on bank deposits	20,12,534	14,85,980
Other Advances		
- Prepaid expenses	294	–
TOTAL	**2,20,12,828**	1,21,85,980

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹)	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹)
11. Equity Share capital				
Authorised				
Equity Shares of ₹ 10.00 each	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	1,59,98,385	15,99,83,850	1,59,98,385	15,99,83,850

A) Reconciliation of number of Equity Shares outstanding

As at beginning and at the end of the year	1,59,98,385	15,99,83,850	1,59,98,385	15,99,83,850

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

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (%)	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (%)
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.

	As at 31st March, 2020 (₹) Non-Current	As at 31st March, 2020 (₹) Current	As at 31st March, 2019 (₹) Non-Current	As at 31st March, 2019 (₹) Current
12. Other financial liabilities				
Other payables to related parties [Refer Note No. 20(vi)(b)]	58,178	5,22,562	1,71,226	–
Others (Liabilities for expenses)	–	54,000	–	64,800
TOTAL	**58,178**	**5,76,562**	1,71,226	64,800
13. Provisions				
Provision for employee benefits [Refer Note No. 20(iii)]				
Retirement benefits	39,008	–	–	–
Other benefits	39,250	–	–	–
TOTAL	**78,258**	–	–	–

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
14. Deferred tax liabilities		
Deferred tax liabilities	2,70,188	–
Less: Deferred tax assets	5,173	–
TOTAL	**2,65,015**	–

Amount in (₹)

Movement in Deferred tax liabilities / (assets) balances

2019-20	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax liabilities / (assets) in relation to :				
Other timing differences:				
On current investments - FVTPL	–	2,70,188	–	2,70,188
Total deferred tax liabilities	–	**2,70,188**	–	**2,70,188**
On employees separation and retirement etc	–	4,523	650	5,173
Total deferred tax assets	–	**4,523**	**650**	**5,173**
Deferred tax liabilities / (assets) (Net)	–	**2,65,665**	**(650)**	**2,65,015**

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
15 Other liabilities		
Statutory liabilities	23,185	–
TOTAL	**23,185**	–

	For the Year ended 31st March, 2020 (₹)	For the Year ended 31st March, 2019 (₹)
16. Other income		
Interest income	1,57,54,125	1,19,12,974
Dividend income	6,75,00,000	2,70,00,000
Other gains and losses	15,15,962	12,13,438
TOTAL	**8,47,70,087**	4,01,26,412

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the Year ended 31st March, 2020 (₹)	For the Year ended 31st March, 2019 (₹)
Interest income comprises interest from:		
a) Deposits with banks - carried at amortised cost	1,37,42,663	1,10,96,747
b) Other financial assets measured at amortised cost	19,07,516	7,65,377
c) Others (from statutory authorities)	1,03,946	50,850
TOTAL	**1,57,54,125**	1,19,12,974
Dividend income comprises dividend from:		
Other investments	6,75,00,000	2,70,00,000
TOTAL	**6,75,00,000**	2,70,00,000
Other gains and lossess:		
Net gain / (loss) arising on financial assets mandatorily measured at FVTPL *	15,15,962	12,13,438
TOTAL	**15,15,962**	12,13,438

* Includes ₹ 2,55,438 (2019 - ₹ 10,82,710) being net gain / (loss) on sale of investments.

17. Employee benefits expense

Salaries and wages	2,70,336	–
Remuneration of managers' salary on deputation *	96,60,328	1,04,37,369
Staff welfare expenses	77,540	–
Provisions for Retirement and Other Benefits [Refer Note 20 (iii)]	17,973	–
TOTAL	**1,00,26,177**	1,04,37,369

* Includes charge on account of share based payments as under :

- Employee Stock Option Scheme (ESOS) : ₹ 6,43,172 (2019 : ₹ 13,64,714) [Refer Note 20(vii)]

- Employee Stock Appreciation Linked Reward (ESAR) Plan : ₹ (1,13,048) (2019 : ₹ 1,71,226) [Refer Note 20(vii)]

	For the Year ended 31st March, 2020 (₹)	For the Year ended 31st March, 2019 (₹)
18. Other expenses		
Rates and taxes	35,237	54,316
Insurance	206	500
Bank charges	2,045	726
Consultancy / Professional fees	95,158	1,34,500
Miscellaneous expenses	87,200	1,02,000
TOTAL	**2,19,846**	2,92,042
Miscellaneous expenses include:		
Auditors' remuneration and expenses*		
Audit fees	60,000	60,000
Tax audit fees	10,000	10,000
Fees for other services	16,000	26,000

* Excluding taxes.

19. Income tax expenses

A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	17,90,000	11,50,000
Adjustments / (credits) related to previous years - Net	(5,07,124)	(3,42,365)
Total current tax	**12,82,876**	8,07,635
Deferred tax		
Deferred tax for the year	2,65,665	–
Total deferred tax	**2,65,665**	–

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 gains / (losses) on defined benefit plans	(650)	–
TOTAL	**(650)**	–

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	**7,45,24,064**	2,93,88,167
Income tax expense calculated at @ 25.168% (2019- 26.00%)	1,87,56,216	76,40,923
Effect of tax relating to uncertain tax positions	2,84,590	5,52,678
Effect of difference in taxable income / deductible expense	–	1,028
Effect of income not taxable	(1,69,88,400)	(70,44,629)
Other Differences	3,259	–
Total	**20,55,665**	11,50,000
Adjustments recognised in the current year in relation to the current tax of prior years	(5,07,124)	(3,42,365)
Income tax recognised in profit or loss	**15,48,541**	8,07,635

The tax rate used for the year 2019-20 and 2018-19 reconciliations above is the corporate tax rate of
- 25.168% (22% + surcharge @ 10% + cess @ 4%) in 2019-20 and
- 26.00% (25% + cess @ 4%) in 2018-19 payable on taxable profits under the Income Tax Act, 1961.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

20. Additional Notes to the Financial Statements

(i) Earnings per share:

	2020	2019
Earnings per share has been computed as under:		
(a) Profit for the year (₹)	**7,29,75,523**	2,85,80,532
(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 ₹)	**4.56**	1.79

(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 ₹ 1,25,21,250 (2019 - ₹ 1,25,21,250).

(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, 2020 (₹)		For the year ended 31st March, 2019 (₹)	
			Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
			Unfunded	**Unfunded**	Unfunded	Unfunded
I		**Components of Employer Expense**				
	-	**Recognised in Profit or Loss**				
	1	Current Service Cost	12,136	5,837	–	–
	2	Past Service Cost	-	-	–	–
	3	Net Interest Cost	-	-	–	–
	4	**Total expense recognised in the Statement of Profit and Loss**	**12,136**	**5,837**	–	–
	-	**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	7,838	9,544	-	-
	8	Changes in asset ceiling (excluding interest income)	-	-	-	-
	9	Effect of experience adjustments	(8,660)	(6,141)	-	-
	10	**Total re-measurements included in Other Comprehensive Income [(Gain)/Loss]**	**(822)**	**3,403**	-	-
	11	**Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income [(Gain)/Loss] (4+10)**	**11,314**	**9,240**	-	-
	"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 17. The re-measurements of the net defined benefit liability are included in Other Comprehensive Income."					
II	**Actual Returns**		-	-	-	-
III	**Net Asset / (Liability) recognised in Balance Sheet**					
	1	Present Value of Defined Benefit Obligation	39,008	39,250	-	-
	2	Fair Value of Plan Assets	-	-	-	-
	3	Status [Surplus / (Deficit)]	(39,008)	(39,250)	-	-
	4	Restrictions on Asset Recognised	-	-	-	-
			As at 31st March, 2020		As at 31st March, 2019	
	5	**Net Asset / (Liability) recognised in Balance Sheet**	**Gratuity**	**Leave Encashment**	Gratuity	Leave Encashment
		- Current	-	-	-	-
		- Non-current	(39,008)	(39,250)	-	-

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			For the year ended 31st March, 2020 (₹)		For the year ended 31st March, 2019 (₹)	
			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	-	-	-	-
	2	Current Service Cost	12,136	5,837	-	-
	3	Interest Cost	-	-	-	-
	4	Re-measurement Gains / (Losses):	-	-	-	-
		a. Effect of changes in demographic assumptions	-	-	-	-
		B. Effect of changes in financial assumptions	7,838	9,544	-	-
		c. Changes in asset ceiling (excluding interest income)	-	-	-	-
		d. Effect of experience adjustments	(8,660)	(6,141)	-	-
	5	Transfer In	27,694	30,010	-	-
	6	Curtailment Cost / (Credits)	-	-	-	-
	7	Settlement Cost / (Credits)	-	-	-	-
	8	Liabilities assumed in business combination	-	-	-	-
	9	Exchange difference on foreign plans	-	-	-	-
	10	Benefits Paid	-	-	-	-
	11	**Present Value of DBO at the end of the year**	**39,008**	**39,250**	-	-
			As at 31st March, 2020		As at 31st March, 2019	
V	**Actuarial Assumptions**		Discount Rate (%)		Discount Rate (%)	
	1	Gratuity	**6.25**		-	
	2	Leave Encashment	**6.25**		-	

			For the year ended 31st March, 2020 (₹)		For the year ended 31st March, 2019 (₹)	
			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	39,008	39,250	-	-
	2	Fair Value of Plan Assets	-	-	-	-
	3	Status [Surplus / (Deficit)]	(39,008)	(39,250)	-	-
	4	Experience Adjustment of Plan Assets [Gain / (Loss)]	-	-	-	-
	5	Experience Adjustment of obligation [(Gain) / Loss]	(8,660)	(6,141)	-	-

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.

Amount in (₹)

			DBO as at 31st March, 2020		DBO as at 31st March, 2019	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
			Unfunded	Unfunded	Unfunded	Unfunded
	1	Discount Rate + 100 basis points	30,133	30,343	-	-
	2	Discount Rate - 100 basis points	50,678	50,960	-	-
	3	Salary Increase Rate + 1%	50,469	50,751	-	-
	4	Salary Increase Rate - 1%	30,109	30,321	-	-

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

			DBO as at 31st March, 2020		DBO as at 31st March, 2019	
			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, 2020. 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:

	2020	2019
Non-current assets (in india)	2,087	2,42,38,798

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
- Mr. R. Poddar — Non-Executive Director (upto 06.11.2019)
- Mr. A. Roy — Non-Executive Director
- Ms. N. Bajaj — Additional Non-Executive Director (w.e.f. 30.12.2019)
- Mr. V. Luharuka — Chief Financial Officer
- Ms. N. Bajaj — Manager & Company Secretary (upto 30.09.2019)
- Mr. R. Varma — Manager & Company Secretary (w.e.f. 01.10.2019 upto 29.10.2019)
- Ms. S. Rampuria — Manager & Company Secretary (w.e.f. 01.01.2020)

(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 AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2020

(₹)

	Related Party Transaction Summary	Holding Company		Joint Venture		Key Management Personnel		Total	
		2020	2019	2020	2019	2020	2019	2020	2019
1.	Purchase of Internal audit services	28,000	20,000	-	-	-	-	**28,000**	20,000
2.	Dividend Income	-	-	6,75,00,000	2,70,00,000	-	-	**6,75,00,000**	2,70,00,000
3.	Remuneration of managers on deputation reimbursed								
	- for Chief Financial Officer	60,96,746	47,51,697	–	–	–	–	**60,96,746**	47,51,697
	- for Manager & Company Secretary	30,33,458	41,49,732	–	–	–	–	**30,33,458**	41,49,732
Balances as at 31st March									
5.	Payables [Refer Note 12]	5,80,740	1,71,226	-	-	-	-	**5,80,740**	1,71,226

(vii) The Chief Financial Officer of the Company, who is on deputation from ITC Limited (ITC) the Holding Company, has been granted Stock Options by ITC in previous year(s) under the ITC Employee Stock Option Schemes (ITC ESOS). ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Chief Financial Officer and the erstwhile Manager & Company Secretary (Ms. N. Bajaj) of 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 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 employees on-charge by ITC. Accordingly, an amount of ₹ 6,43,172/- (2019 – ₹ 13,64,714/-) towards Stock Options and ₹ (1,13,048)/- (2019 - ₹ 1,71,226/-) towards ESAR Units have been recognized as employee benefits expense (Refer Note 17) and the liability on accounts of ESAR Units is presented 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, 2020	As at 31st March, 2019
	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	-	-
Add / (Less): Movement due to transfer of employees within the group	-	-
Less: Exercised during the year	-	-
Outstanding at the end of the year	7,320	7,320
Options exercisable at the end of the year	**5,856**	3,294

Note: The weighted average exercise price of the options granted to all optionees under the ITC ESOS is compute 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, 2020	As at 31st March, 2019	
ATC Limited	Hosur, India	47.50%	47.50%	At cost

b. Interest in Joint Venture:

The Company's interests, as a venturer, in jointly controlled entities (incorporated Joint Venture) are:

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, 2020	As at 31st March, 2019	
ITC Essentra Limited	Bengaluru, India	50.00%	50.00%	At cost

* The Company's interests in Joint Venture and Associate are reported as Non-current investment (Note 4) and stated at cost.

(ix) **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 (₹)

Particulars	Note	As at 31st March, 2020		As at 31st March, 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	8	7,15,785	7,15,785	1,28,295	1,28,295
ii) Other bank balances	9	21,64,30,007	21,64,30,007	15,25,31,504	15,25,31,504
iii) Other financial assets	10,5	2,20,12,828	2,20,12,828	3,56,85,980	3,56,85,980
Sub Total		**23,91,58,620**	**23,91,58,620**	18,83,45,779	18,83,45,779
b) Measured at Fair Value through Profit or Loss					
i) Investment in Mutual Funds	7	3,03,30,675	3,03,30,675	61,72,049	61,72,049
Sub Total		3,03,30,675	3,03,30,675	61,72,049	61,72,049
Total financial assets		**26,94,89,295**	**26,94,89,295**	19,45,17,828	19,45,17,828
B. Financial liabilities					
a) Measured at amortised cost					
i) Other financial liabilities	12	6,34,740	6,34,740	2,36,026	2,36,026
Total financial liabilities		**6,34,740**	**6,34,740**	2,36,026	2,36,026

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 there is no exposure to interest rate risk from the perspective of Financial Liabilities. 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, 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 ₹ 26,94,89,295/- (2019 – ₹ 17,10,17,828/-) including Current Investments, Cash and cash equivalents, and Other Bank Balances of ₹ 24,74,76,467/-. (2019 – ₹ 15,88,31,848) against an aggregate total liability of ₹ 14,97,190/- (2019 – ₹ 2,36,026) 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: (₹)

Particulars	**Fair Value**		
	Hierarchy (Level)	**As at 31st March, 2020**	As at 31st March, 2019
Financial assets			
Measured at Fair value through Profit or Loss			
Investment in Mutual Funds	1	**3,03,30,675**	61,72,049

On behalf of the Board

R. TANDON *Chairman* S. DUTTA *Director*

Kolkata, 8th June, 2020 V. LUHARUKA *Chief Financial Officer* S. RAMPURIA *Manager & Company Secretary*

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-2020	31-March-2020
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 Ventures (₹)	3,75,63,750	2,25,00,000
	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 (₹)	6,71,52,609	77,86,95,018
7.	Profit/(Loss) for the year (₹)	9,53,878	42,08,50,609
	i. Considered in Consolidation (₹) *	–	–
	ii. Not Considered in Consolidation	9,53,878	42,08,50,609

* 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* S. DUTTA *Director*
Kolkata, 8th June, 2020 V. LUHARUKA *Chief Financial Officer* S. RAMPURIA *Manager & Company Secretary*

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

1. Your Directors submit their Report for the financial year ended 31st March, 2020.

2. **COMPANY PERFORMANCE**

During the year under review, the Company earned total revenue of ₹ 6.55 lakhs, primarily from deployment of its temporary surplus funds in bank fixed deposits.

The Company, a Core Investment Company within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016, continues to explore suitable investment opportunities.

During the latter part of the financial year, the COVID-19 pandemic and the consequent lockdown posed a formidable 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.

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

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
a. Profit Before Tax	**2,90,827**	2,52,818
b. Less : Tax Expense	**68,307**	65,850
c. Profit After Tax	**2,22,520**	1,86,968
d. Add : Profit brought forward from previous years	**93,65,171**	91,78,203
e. Profit carried forward	**95,87,691**	93,65,171

3. **DIRECTORS**

During the year under review, Mr. Rajesh Poddar (DIN: 00297605) stepped down as a Non-Executive Director of your Company with effect from close of work on 6th November, 2019. Your Directors place on record their appreciation for the contribution made by Mr. Poddar during his tenure.

The Board of Directors of your Company ('the Board') appointed Ms. Nidhi Bajaj (DIN: 02171721) as an Additional Director of the Company with effect from 15th January, 2020. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 16 of the Articles of Association of the Company, Ms. Bajaj 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 meeting held on 8th June, 2020 recommended for the approval of the Members, the appointment of Ms. Bajaj 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 Ms. Bajaj, who has filed her consent to act as a Director of your Company, if appointed. Appropriate resolution seeking your approval to Ms. Bajaj's appointment is appearing in the Notice convening the ensuing AGM of the Company.

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**

Five meetings of the Board were held during the year ended 31st March, 2020.

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 No. AOC-1 containing the salient features of the financial statements of MRR Trading & Investment Company Limited, 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 (Amount in ₹)		Profit After Tax (Amount in ₹)	
	FY 2019-20	FY 2018-19	**FY 2019-20**	FY 2018-19
MRR Trading & Investment Company Limited	**7,33,046/-**	7,41,442/-	**23,795/-**	4,931/-

7. **PARTICULARS OF EMPLOYEES**

The details of the employee 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. 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 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 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 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.

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, 2020, 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.

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. **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 2** to this Report.

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 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 2020-21. 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: 8th June, 2020

Saradindu Dutta *Director*

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2020

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

Name of employee	Age	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	26	Manager - Accounts	2,34,851/-	2,05,080/-	B.Com (Hons.)	4	11.03.2019	Executive Accountant - Spectrum Automotive Private Limited

Notes:

a. Gross remuneration includes salary, allowances and other benefits / applicable perquisites. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013. Net remuneration comprises cash income.

b. The aforesaid appointment is contractual in accordance with terms and conditions as per Company's rules and the said employee is neither relative of any Director of the Company nor holds any equity share in the Company.

On behalf of the Board

R. Tandon *Chairman*

Dated: 8th June, 2020

Saradindu Dutta *Director*

Annexure 2 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN	:	U65923WB2012PLC176166
ii) Registration Date	:	19th March, 2012
iii) Name of the Company	:	ITC Investments & Holdings Limited
iv) Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v) Address of the Registered office and contact details	:	Virginia House 37 J. L. Nehru Road, Kolkata – 700 071 Phone: 033 2288 4086 / 6228 / 1946, Fax: 033 2288 9980 e-mail ID: ITCInvestments.Holdings@itc.in
vi) Whether listed company	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated: NOT APPLICABLE

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in / by the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road, Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)
2.	MRR Trading & Investment Company Limited Eucharistic Congress Building No. 1 5 Convent Street, Colaba, Mumbai – 400 039	U65990MH1980PLC023259	Subsidiary company	100.00%	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) **Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual / HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	45,00,000	45,00,000	100.00	–	45,00,000	45,00,000	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**–**	**45,00,000**	**45,00,000**	**100.00**	**–**	**45,00,000**	**45,00,000**	**100.00**	**Nil**
(2) **Foreign**									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**45,00,000**	**45,00,000**	**100.00**	**–**	**45,00,000**	**45,00,000**	**100.00**	**Nil**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) **Institutions**									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
(2) **Non-Institutions**									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	**–**	**45,00,000**	**45,00,000**	**100.00**	**–**	**45,00,000**	**45,00,000**	**100.00**	**Nil**

(ii) **Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	45,00,000	100.00	Nil	45,00,000	100.00	Nil	Nil

(iii) **Change in Promoters' Shareholding (please specify, if there is no change):**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	**No change during the year**			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** NOT APPLICABLE

(v) **Shareholding of Directors and Key Managerial Personnel:** None of the Directors hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager: NOT APPLICABLE

B. Remuneration to other Directors: **(Amount in ₹)**

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	R. Tandon	Nil	Nil	Nil	Nil
	N. Bajaj				
	Saradindu Dutta				
	Supratim Dutta				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1)+(B)(2)					**Nil**
Overall ceiling as per the Companies Act, 2013 *(11% of the net profits of the Company computed in accordance with Section 198 of the said Act)*					31,991

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: NOT APPLICABLE

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013: None

On behalf of the Board

R. Tandon *Chairman*
Saradindu Dutta *Director*

Dated: 8th June, 2020

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, 2020, the Statement of Profit and Loss, and the Cash Flow Statement for the year 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, 2020, 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 Director's report including Annexures to 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 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 and 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.

Other Matter

The financial statements of the Company for the year ended March 31, 2019, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on April 23, 2019.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 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;

(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.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 20109360AAAAAV7602

Place of Signature: Mumbai
Date: 08 June, 2020

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 does not have any fixed assets and hence reporting under clause (i) of the Order is not applicable.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. There are no unclaimed deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(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, income-tax and other statutory dues applicable to it. Employees' state insurance, sales tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax and cess are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax 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. Employees' state insurance, sales tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax and cess are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax which have not been deposited on account of any dispute. Sales tax, service tax, customs duty, excise duty, value added tax, goods and services tax and cess are not applicable to the Company.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the Company has not paid/provided any managerial remuneration during the year and hence reporting under clause (xi) of the Order is not applicable.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) 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, 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) insofar as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 20109360AAAAAV7602

Place of Signature: Mumbai
Date: 08 June, 2020

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 over financial reporting of ITC Investments & Holdings Limited ("the Company") as of March 31, 2020 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 (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, 2020, 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 Firoz Pradhan
Partner
Membership Number: 109360
UDIN: 20109360AAAAAV7602

Place of Signature: Mumbai
Date: 08 June, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

	Note	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	4,50,00,000	4,50,00,000
Reserves and surplus	2	95,87,691	93,65,171
Current liabilities			
Current tax liabilities (Net)	3	3,906	–
Other current liabilities	4	76,250	54,000
TOTAL		5,46,67,847	5,44,19,171
ASSETS			
Non-current assets			
Non-current investments	5	4,51,62,645	4,51,62,645
Long-term loans and advances	6	–	36,904
Current assets			
Cash and bank balances	7	93,88,738	91,13,029
Other current assets	8	1,16,464	1,06,593
TOTAL		5,46,67,847	5,44,19,171

The accompanying notes 1 to 14 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

Firoz Pradhan
Partner
(Membership Number: 109360)

R. TANDON *Chairman* SARADINDU DUTTA *Director*

Mumbai, 8th June, 2020

Kolkata, 8th June, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

	Note	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
Other income	9	6,55,028	6,21,392
Total Revenue		**6,55,028**	6,21,392
Expenses			
Employee benefits expense	10	2,62,681	2,27,218
Other expenses	11	1,01,520	1,41,356
Total Expenses		**3,64,201**	3,68,574
Profit before tax		**2,90,827**	2,52,818
Tax expense:			
Current tax	12	68,307	65,850
Profit for the year		**2,22,520**	1,86,968
Earnings per equity share (Face Value ₹ 10.00 each)			
(Basic and Diluted) (in ₹)	13 (i)	**0.05**	0.04

The accompanying notes 1 to 14 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

Firoz Pradhan
Partner
(Membership Number: 109360)

R. TANDON *Chairman* SARADINDU DUTTA *Director*

Mumbai, 8th June, 2020

Kolkata, 8th June, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

		For the year ended 31st March, 2020 (₹)		For the year ended 31st March, 2019 (₹)
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		**2,90,827**		2,52,818
ADJUSTMENTS FOR:				
Interest income on bank deposits		(6,53,230)		(6,21,392)
Interest on Income tax refund		(1,798)		–
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**(3,64,201)**		(3,68,574)
ADJUSTMENTS FOR:				
Security deposit		18,000		(18,000)
Other current assets		(1,772)		–
Other current liabilities		22,250		–
CASH USED IN OPERATIONS		(3,25,723)		(3,86,574)
Income tax paid		(45,497)		(74,474)
NET CASH USED IN OPERATING ACTIVITIES		**(3,71,220)**		(4,61,048)
B. Cash Flow from Investing Activities				
Interest received on deposits & others	6,46,930		5,35,764	
Investment in bank deposits (original maturity more than 3 months)	(97,41,980)		(95,36,455)	
Redemption / maturity of bank deposits (original maturity more than 3 months)	94,53,108		93,75,127	
NET CASH GENERATED FROM INVESTING ACTIVITIES		**3,58,058**		3,74,436
C. Cash Flow from Financing Activities		–		–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(13,162)**		(86,612)
OPENING CASH AND CASH EQUIVALENTS		**25,213**		1,11,825
CLOSING CASH AND CASH EQUIVALENTS		**12,051**		25,213

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 :**

	2020	2019
Cash and Cash Equivalents as above	**12,051**	25,213
Other bank balances	**93,76,687**	90,87,816
Cash and bank balances (Note 7)	**93,88,738**	91,13,029

The accompanying notes 1 to 14 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

Firoz Pradhan
Partner
(Membership Number: 109360)

R. TANDON *Chairman* SARADINDU DUTTA *Director*

Mumbai, 8th June, 2020

Kolkata, 8th June, 2020

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹)	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹)
1. Share capital				
Authorised				
Equity Shares of ₹ 10.00 each	**1,00,00,000**	**10,00,00,000**	1,00,00,000	10,00,00,000
Issued and Subscribed				
Equity Shares of ₹ 10.00 each, fully paid	**45,00,000**	**4,50,00,000**	45,00,000	4,50,00,000
A) Reconciliation of number of Equity Shares outstanding				
At the beginning and at the end of the year	**45,00,000**	**4,50,00,000**	45,00,000	4,50,00,000

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

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (%)	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (%)
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.

		As at 31st March, 2020 (₹)		As at 31st March, 2019 (₹)
2. Reserves and surplus				
Surplus in Statement of Profit and Loss				
At the beginning of the year	93,65,171		91,78,203	
Add: Profit for the year	2,22,520		1,86,968	
At the end of the year		95,87,691		93,65,171
TOTAL		**95,87,691**		93,65,171
3. Current tax liabilities				
Current tax liabilities (Net)		3,906		–
TOTAL		**3,906**		–
4. Other current liabilities				
Other payables				
Statutory liabilities		5,380		–
Liability for expenses		70,870		54,000
TOTAL		**76,250**		54,000
5. Non-current investments (at cost unless stated otherwise)				
Long Term				
TRADE INVESTMENTS (Unquoted)				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiary				
MRR Trading & Investment Company Limited				
50,000 Equity Shares of ₹ 10.00 each, fully paid		4,51,62,645		4,51,62,645
TOTAL		**4,51,62,645**		4,51,62,645
6. Long-term loans and advances				
Unsecured, considered good				
Advance tax (net of provisions)		–		18,904
Security deposit		–		18,000
TOTAL		–		36,904
7. Cash and bank balances				
Cash and cash equivalents[@]				
Balances with banks				
Current accounts		12,051		25,213
Other bank balances				
In deposit accounts*		93,76,687		90,87,816
TOTAL		**93,88,738**		91,13,029

[@] 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.

* 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, 2020 (₹)	As at 31st March, 2019 (₹)
8. Other current assets		
Interest accrued on bank deposits	1,14,692	1,06,593
Prepaid expenses		
Other - prepaid expenses	1,772	–
TOTAL	**1,16,464**	1,06,593

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
9. Other income		
Interest income on bank deposits	6,53,230	6,21,392
Interest income on income tax refund	1,798	–
TOTAL	**6,55,028**	6,21,392
10. Employee benefits expense		
Salaries and wages	2,28,778	2,06,661
Staff welfare expenses	33,903	20,557
TOTAL	**2,62,681**	2,27,218
11. Other expenses		
Rates and taxes	16,476	28,441
Consultancy / Professional fees	29,678	49,500
Auditors' remuneration and expenses		
Audit fees	50,000	50,000
Tax audit fees	5,000	5,000
Miscellaneous expenses	366	8,415
TOTAL	**1,01,520**	1,41,356
12. Tax expenses		
Current tax		
Income tax for the year	73,000	66,000
Adjustments/(credits) related to previous years	(4,693)	(150)
TOTAL	**68,307**	65,850

13. Additional Notes to the Financial Statements

i. **Earnings per share:**

	2020	2019
Earnings per share has been computed as under:		
(a) Profit for the year (₹)	**2,22,520**	1,86,968
(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 ₹)	**0.05**	0.04

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, 2020. 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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
- Mr. Supratim Dutta — Non–Executive Director
- Mr. R. Poddar — Non–Executive Director (upto 06-11-2019)
- Ms. N. Bajaj — Non-Executive Director (w.e.f. 15-01-2020)

b. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTADING BALANCES AS ON 31.03.2020

Related Party Transaction Summary		Holding Company	
		2020	2019
1.	Purchase of Services – Internal Audit services (₹)	**23,600**	21,240
2.	Outstading Balances		
	Payables - ITC Limited	**23,600**	–

v. Previous year's figures have been regrouped / re-classified wherever necessary to correspond with the current year's classification/disclosure.

Background

ITC Investments and Holdings Limited, a 100% subsidiary of ITC Limited, is a 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.

14. 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) Amendment 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 Long Term Investments, including in Subsidiaries / Joint Ventures and Associates, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term 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

Kolkata, 8th June, 2020 R. TANDON *Chairman* SARADINDU DUTTA *Director*

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, 2020 (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
6.	**Share Capital**	₹ 5,00,000 (50,000 Equity Shares of ₹ 10.00 each)
7.	**Reserve & Surplus**	₹ (3,75,562)
8.	**Total Assets**	₹ 4,55,096
9.	**Total Liabilities**	₹ 4,55,096
10.	**Investments (excluding Investments made in subsidiaries)**	–
11.	**Turnover ***	₹ 7,33,046
12.	**Profit before taxation**	₹ 31,795
13.	**Provision for taxation**	₹ 8,000
14.	**Profit after taxation**	₹ 23,795
15.	**Proposed Dividend**	–
16.	**% of Shareholding**	100.00

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

* Turnover includes Other Income and Other Operating Revenue

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, 8th June, 2020

R. TANDON *Chairman* SARADINDU DUTTA *Director*

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

1. Your Directors submit their Report for the financial year ended 31st March, 2020.

2. **COMPANY PERFORMANCE**

During the year, your Company earned revenue of ₹ 7.20 lakhs from its operations, with total income being ₹ 7.33 lakhs. The Company continues to engage in providing estate maintenance services.

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

		For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
a.	Profit Before Tax	**31,795**	6,665
b.	Less : Tax Expense	**8,000**	1,734
c.	Profit After Tax	**23,795**	4,931
d.	Total Comprehensive Income	**23,795**	4,931
e.	Add : Loss brought forward from previous years	**(3,99,357)**	(4,04,288)
f.	Balance carried forward	**(3,75,562)**	(3,99,357)

3. **DIRECTORS**

During the year, there was no change in the composition of the Board of Directors of your Company ('the Board').

In accordance with the provisions of Section 152(6) of the Companies Act 2013 ('the Act'), Mr. C.V. Sarma (DIN: 00720233), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

4. **BOARD MEETINGS**

Four meetings of the Board were held during the year ended 31st March, 2020.

5. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134(5) 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 profits 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 were 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**

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 Audit Department of ITC Limited, the ultimate Holding 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.

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 ensure that such systems are reinforced on an ongoing basis.

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

During the year ended 31st March, 2020, 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 1 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. **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as Annexure 2 to this Report.

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**

The Company's Auditors, Messrs. Deloitte Haskins & Sells Chartered Accountants (Deloitte), were appointed at the Thirty-Sixth AGM to hold such office till the conclusion of the Forty-First AGM. The Board has recommended for the approval of the Members, remuneration of Deloitte for the financial year 2020-21, pursuant to Section 142 of the Act. Appropriate resolution in respect of the same is appearing in the Notice convening the ensuing AGM of the Company.

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.

Dated : 5th June, 2020 **On behalf of the Board**

C. V. Sarma **Director**
V. Radhakrishnan **Director**

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2020

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)	NNature of contracts / arrangements / transactions	Rendering of estate maintenance services to ITC
c)	Duration of the contracts / arrangements / transactions	One year from 1st April, 2019 to 31st March, 2020
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Receipt of Service Charges @ Rs.7.20 lakhsper annum
e)	Date(s) of approval by the Board, if any	8th March, 2019
f)	Amount paid as advances, if any	Nil

On behalf of the Board

C.V. Sarma **Director**
V. Radhakrishnan **Director**

Dated: 5th June, 2020

Annexure 2 to the Report of the Board of Directors
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U65990MH1980PLC023259
ii)	Registration Date	:	10th October, 1980
iii)	Name of the Company	:	MRR Trading & Investment Company Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	Eucharistic Congress Building No. 1 4th Floor, 5 Convent Street, Colaba Mumbai – 400 039 Phone: 022 22836894, Fax: 022 22832663 e-mail ID : mrrtrading@rediffmail.com
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Providing estate maintenance services	68100	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Investments & Holdings Limited Virginia House 37 J. L. Nehru Road Kolkata – 700 071	U65923WB2012PLC176166	Holding Company	100.00	2 (46)
2.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Ultimate Holding Company	–	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	N.A.
b) Central Govt.	-	-	-	-	-	-	-	-	N.A.
c) State Govt.(s)	-	-	-	-	-	-	-	-	N.A.
d) Bodies Corp.	-	50,000	50,000	100.00	-	50,000	50,000	100.00	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	N.A.
f) Any Other	-	-	-	-	-	-	-	-	N.A.
Sub-total (A)(1)	-	**50,000**	**50,000**	**100.00**	-	**50,000**	**50,000**	**100.00**	Nil
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	N.A.
b) Other – Individuals	-	-	-	-	-	-	-	-	N.A.
c) Bodies Corp.	-	-	-	-	-	-	-	-	N.A.
d) Banks / FI	-	-	-	-	-	-	-	-	N.A.
e) Any Other	-	-	-	-	-	-	-	-	N.A.
Sub-total (A)(2)	-	-	-	-	-	-	-	-	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	**50,000**	**50,000**	**100.00**	-	**50,000**	**50,000**	**100.00**	**Nil**
B. Public Shareholding									
(1)**Institutions**									
a) Mutual Funds	-	-	-	-	-	-	-	-	N.A.
b) Banks / FI	-	-	-	-	-	-	-	-	N.A.
c) Central Govt.	-	-	-	-	-	-	-	-	N.A.
d) State Govt.(s)	-	-	-	-	-	-	-	-	N.A.
e) Venture Capital Funds	-	-	-	-	-	-	-	-	N.A.
f) Insurance Companies	-	-	-	-	-	-	-	-	N.A.
g) FIIs	-	-	-	-	-	-	-	-	N.A.
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	N.A.
i) Others (specify)	-	-	-	-	-	-	-	-	N.A.
Sub-total (B)(1)	-	-	-	-	-	-	-	-	**N.A.**
(2)**Non-Institutions**									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	N.A.
ii) Overseas	-	-	-	-	-	-	-	-	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	N.A.
c) Others (specify)	-	-	-	-	-	-	-	-	N.A.
Sub-total (B)(2)	-	-	-	-	-	-	-	-	**N.A.**
Total Public shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	N.A.
Grand Total (A+B+C)	-	50,000	50,000	100.00	-	50,000	50,000	100.00	Nil

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Investments & Holdings Limited	50,000	100.00	Nil	50,000	100.00	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**ITC Investments & Holdings Limited**	No change during the year			
	At the beginning of the year				
	Date wise Increase / (Decrease) in Promoters Shareholding during the year				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NOT APPLICABLE

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time Directors and/or Manager: NOT APPLICABLE

B. Remuneration to other Directors: (Amount in ₹)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non–Executive Directors**				
	C.V. Sarma	Nil	Nil	Nil	Nil
	B.R. Chaudhuri				
	V. Radhakrishnan				
	Total Amount (B)(2)				Nil
	Total Amount (B) = (B)(1) + (B)(2)				**Nil**
	Overall ceiling as per the Companies Act, 2013 *(11% of the net profits of the Company computed in accordance with Section 198 of the said Act).*				3,497

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: NOT APPLICABLE

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013 : None

On behalf of the Board

Dated : 5th June, 2020

C.V. Sarma **Director**
V. Radhakrishnan **Director**

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, 2020, 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, 2020, 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.

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. 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 March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 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.
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:20209354AAAAGG2171

Place: Hyderabad
Date: 5th June, 2020

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, 2020 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, 2020, 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:20209354AAAAGG2171

Place: Hyderabad
Date: 5th June, 2020

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)

(i) The Company does not have any fixed assets and hence reporting under clause (i) of the Order is not applicable.

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

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits outstanding at the end of the year.

(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) The Company has been regular in depositing undisputed statutory dues, including Income-tax, cess and other material statutory dues applicable to it with the appropriate authorities. Provident Fund, Employees' State Insurance, Sales Tax and cess are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Income-tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) There were no dues with respect to Income-tax dues and other material statutory dues as on March 31, 2020, on account of any disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable.

(ix) 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 (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year, hence reporting under clause (xi) 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 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 do not apply to the Company.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) 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 him 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.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

Sumit Trivedi
(Partner)
(Membership No. 209354)
UDIN:20209354AAAAGG2171

Place: Hyderabad
Date: 5th June, 2020

Balance Sheet as at 31st March, 2020

(All amounts are in Indian Rupees, unless otherwise stated)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-Current Assets			
Advance tax and TDS receivables [Net of provisions Rs. 9,734 (March 31, 2019 : Rs. 2,924)]		23,270	29,085
Other non-current assets	3	1,11,978	1,21,978
Total Non-Current Assets		1,35,248	1,51,063
Current Assets			
Financial assets			
Trade receivables	4	6,000	–
Cash and cash equivalents	5	3,13,848	1,29,868
Total Current Assets		3,19,848	1,29,868
Total Assets		4,55,096	2,80,931
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	5,00,000	5,00,000
Other equity	7	(3,75,562)	(3,99,357)
Total Equity		1,24,438	1,00,643
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	16	2,25,800	74,800
Other current liabilities		1,04,858	1,05,488
Total Current Liabilities		3,30,658	1,80,288
Total Equity and Liabilities		4,55,096	2,80,931

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: June 5, 2020

For and on behalf of the Board of Directors

C.V. Sarma
Director
Place: Secunderabad
Date : June 5, 2020

V. Radhakrishnan
Director

Statement of Profit and Loss for the year ended 31st March, 2020

(All amounts are in Indian Rupees unless otherwise stated)

		Note	For the year ended March 31, 2020	For the year ended March 31, 2019
I	Revenue from operations	8	7,20,000	7,20,000
II	Other income	9	13,046	21,442
III	**Total Income (I+II)**		7,33,046	7,41,442
IV	**Expenses**			
	Other expenses	10	7,01,251	7,34,777
	Total expenses (IV)		7,01,251	7,34,777
V	**Profit Before Tax (III- IV)**		31,795	6,665
VI	**Tax Expense:**			
	Current tax	11	8,000	1,734
VII	**Profit for the year (V-VI)**		23,795	4,931
VIII	**Other Comprehensive Income**		–	–
IX	**Total Comprehensive Income for the Year (VII+VIII)**		23,795	4,931
	Earnings per Equity Share : Basic and Diluted (Face value of Rs. 10 each)	13	0.48	0.10

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: June 5, 2020

For and on behalf of the Board of Directors

C.V. Sarma
Director

V. Radhakrishnan
Director

Place: Secunderabad
Date : June 5, 2020

Cash Flow Statement for the year ended 31st March, 2020

(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash Flows from Operating Activities		
Profit before tax	31,795	6,665
Adjustments for:		
Interest income	(13,046)	(21,442)
Operating Profit / (loss) before Working Capital Changes	18,749	(14,777)
Adjustments for:		
Decrease/ (Increase) in other assets	10,000	(10,000)
(Increase) in trade receivables	(6,000)	-
Increase in trade payables and other liabilities	1,50,370	43,653
Cash generated from Operations	1,73,119	18,876
Income Taxes Paid (Net of refunds and interest thereon)	(1,320)	(17,609)
Net Cash generated from Operating Activities	1,71,799	1,267
Cash Flows from Investing Activities		
Interest Income	12,181	21,442
Net Cash generated from Investing Activities	12,181	21,442
Cash flows from Financing Activities		
Net Cash generated from financing activities	–	–
Net Increase in Cash and Cash Equivalents	1,83,980	22,709
Cash and Cash Equivalents at the beginning of the year	1,29,868	1,07,159
Cash and Cash Equivalents at the end of the year (Refer Note 5)	3,13,848	1,29,868

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: June 5, 2020

For and on behalf of the Board of Directors

C.V. Sarma
Director

V. Radhakrishnan
Director

Place: Secunderabad
Date : June 5, 2020

Statement of changes in equity for the year ended 31st March, 2020
(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Equity Share Capital:		
Balance as at April 1	**500,000**	500,000
Changes in Equity Share Capital during the year	–	–
Balance at March 31	**500,000**	500,000
B. Other Equity - Reserves & Surplus:		
Retained Earnings		
Balance as at April 1	**(399,357)**	(404,288)
Profit for the Year	**23,795**	4,931
Balance at March 31	**(375,562)**	(399,357)

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: June 5, 2020

For and on behalf of the Board of Directors

C. V. Sarma
Director

V. Radhakrishnan
Director

Place: Secunderabad
Date : June 5, 2020

Notes forming part of the Financial Statements

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 has 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 in Ind AS 36.

2.2 Use of Estimates and Judgements

In view of the nature of the operations of the Company no significant assumption / judgement are applied in preparation of financial 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, 2019.

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 the Companies Act, 2013 based on the nature of services and their realisation in cash and cash equivalents.

Notes to the financial statements (Contd.)

3. Other Non-Current Assets

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
Other deposits	1,11,978	1,21,978
TOTAL	1,11,978	1,21,978

4. Trade Receivables

	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
Unsecured and considered good	6,000	–
TOTAL	6,000	–

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.

5. Cash and Cash Equivalents

	As at March 31, 2020 (₹)	As at March 31, 2019 (₹)
Balances with Banks: - In Current Account	3,13,848	1,29,868
TOTAL	3,13,848	1,29,868

6. Equity Share Capital

	As at March 31, 2020 (₹)	As at March 31, 2019 (₹)
Authorised Share Capital: 50,000 Equity Shares of Rs. 10 each	5,00,000	5,00,000
Issued, Subscribed and Paid-up Capital: 50,000 Equity Shares of Rs. 10 each	5,00,000	5,00,000

A) Reconciliation of number of Equity Shares outstanding

	No. of Shares	Share capital
Balance as at April 1, 2019 Add: issued during the year 2019-20	50,000 –	5,00,000 –
Balance as at March 31, 2020	50,000	5,00,000

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

	As at March 31, 2020		As at March 31, 2019	
	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, 2020 (₹)	As at March 31, 2019 (₹)
Reserves and Surplus: **Retained Earnings** Retained Earnings comprise of the Company's undistributed earnings after taxes.	(3,75,562)	(3,99,357)
	(3,75,562)	(3,99,357)

8. Revenue from Operations

	For the year ended March 31, 2020 (₹)	For the year ended March 31, 2019 (₹)
Sale of Services	7,20,000	7,20,000
TOTAL	7,20,000	7,20,000

Notes to the financial statements (Contd.)

	For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
9. Other Income		
Interest on		
- Other Deposits	12,181	21,442
- Income Tax Refund	865	–
TOTAL	13,046	21,442

10. Others Expenses

	For the year ended March 31, 2020 (₹)	For the year ended March 31, 2019 (₹)
Rent	82,536	79,368
Rates and taxes	2,59,880	2,59,880
Maintenance and upkeep expenses	2,00,988	2,57,661
Bank charges	395	413
Payments to auditors [Refer note 10(a) below]	15,000	15,000
Consultancy and Professional fees	1,13,100	82,268
Miscellaneous expenses	29,352	40,187
TOTAL	7,01,251	7,34,777

10(a). Payment to Auditors

	For the year ended March 31, 2020 (₹)	For the year ended March 31, 2019 (₹)
- Statutory Audit	15,000	15,000
TOTAL	15,000	15,000

11. Tax Expense

	For the year ended March 31, 2020 (₹)	For the year ended March 31, 2019 (₹)
Profit before income tax	31,795	6,665
Enacted tax rates	25.17%	26.00%
Income tax expense	8,000	1,734
TOTAL	8,000	1,734

12. Contingent liabilities

	As at March 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as Debts:	–	–

13. Earnings per share

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Computation of earnings per share is set out below:		
Net Profit attributable to Equity Shareholders (A) (Rs.)	23,795	4,931
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.)	0.48	0.10

14. **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, 2020 (₹)	For the year ended March 31, 2019 (₹)
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)	1,11,978	1,21,978

15. 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**
C.V. Sarma	Non-Executive Director
V. Radhakrishnan	Non-Executive Director
B.R. Chaudhuri	Non-Executive Director

Notes to the financial statements (Contd.)

(All amounts are in Indian Rupees unless otherwise stated)

b) Details of Related Party Transactions:

Description	For the Year Ended March 31, 2020 (₹)	For the Year Ended March 31, 2019 (₹)
ITC Limited:		
Consultancy and Professional fees	**11,800**	11,800
Sale of Services – Estate Management Services	**7,20,000**	7,20,000

c) Details of Related Party Balances:

Description	As at March 31, 2020 (₹)	As at March 31, 2019 (₹)
ITC Limited	**6,000**	11,800
ITC Investments & Holdings Limited	**–**	–

16. 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.

17. 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.

18. 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, 2020 (₹)		As at March 31, 2019 (₹)	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets (Measured at amortised cost)					
Trade Receivables	4	**6,000**	**6,000**	–	–
Cash and Cash Equivalents	5	**3,13,848**	**3,13,848**	1,29,868	1,29,868
Total Financials Assets		**3,19,848**	**3,19,848**	1,29,868	1,29,868
Financial Liabilities (Measured at amortised cost)					
Trade Payables		**2,25,800**	**2,25,800**	74,800	74,800
Total Financials Liabilities		**2,25,800**	**2,25,800**	74,800	74,800

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.

19. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

20. The financial statements were approved for issue by the Board of Directors on June 5, 2020.

For and on behalf of the Board of Directors

C.V. Sarma
Director

V. Radhakrishnan
Director

Place: Secunderabad
Date: 5/6/2020

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

Your Board of Directors hereby submit their Seventh Report for the financial year ended 31st March, 2020.

1. COMPANY PERFORMANCE

During the year, your Company has earned a Net Profit of Rs. 478.90 lakhs as compared to Net Profit of Rs. 905.20 lakhs earned in the previous year.

During the year, the company's performance was impacted by decline in demand in the second half of the year due to disturbances in the North East region. This was further exacerbated by the lockdown in March, 2020. The company's Revenue from Operations for the year stood at Rs. 147.85 crores (previous year Rs. 161.69 crores) while Net Profit stood at Rs. 4.79 crores (previous year Rs. 9.05 crores) and Total Comprehensive Income for the year stood at Rs. 4.73 crores (previous year Rs. 9.12 crores). The performance was also impacted by certain one-time expenditures relating to re-alignment of manufacturing lines to facilitate manufacturing of new product variants.

Your Company constantly focuses on various initiatives to boost productivity through systematic interventions across all domains – People, Process and Technology which have led in stabilization of operational and financial performance of the Company over the years.

The summarised results of the Company are given in the table below:

Amount in Lakhs (₹)

Particulars	Financial Year Ended	
	31.03.2020	31.03.2019
a) Profit Before Tax	478.90	905.20
b) *Tax expense	–	–
c) Profit After Tax	478.90	905.20
d) Other Comprehensive Income	(6.24)	6.76
e) Total Comprehensive Income	472.66	911.96
Retained Earnings		
a) At the beginning of the year	(185.87)	(1097.83)
b) Add: Profit for the year	478.90	905.20
c) Add: Other Comprehensive Income / (Loss)	(6.24)	6.76
d) Less: Interim Dividend paid	(102.20)	–
e) Less: Income Tax on Interim Dividend	(21.00)	–
f) At the end of the year	163.59	(185.87)

**Tax expense is nil since the Company is entitled for Tax holiday of 10 years since commercial production.*

2. CHANGE IN REGISTERED OFFICE

The Registered Office of the Company was shifted with effect from 5th July, 2019 to Kanak Towers, 3rd Floor, 7A, Anandilal Poddar Sarani, Kolkata – 700 071, West Bengal.

3. DIVIDEND

Your Board declared dividend of 10% p.a. on 18,00,000 Cumulative Non-Convertible Redeemable Preference Shares of Rs.100 each, accumulated from April, 2017 till December, 2019 aggregating Rs. 485.14 lakhs, out of the surplus in the Statement of Profit and Loss.

Further, your Board declared an interim dividend of Rs.0.14 per Equity share on 7,30,00,000 Equity shares of Rs.10/- each, fully paid, aggregating Rs.102.20 lakhs, out of the surplus in the Statement of Profit and Loss, to those Members entitled thereto and whose names appeared on the Company's Register of Members on the date of the meeting i.e. 7th February, 2020.

All dividends have been paid within the prescribed period and there are no unclaimed dividends lying with your Company.

Your Board has also recommended payment of final dividend of 10% p.a. for the Quarter ended March, 2020 on 18,00,000 Cumulative Non-Convertible Redeemable Preference Shares of Rs.100 each, aggregating Rs. 45,00,000/- (Rupees Forty Five lakhs only). Appropriate resolution seeking your approval is appearing in the Notice convening the Annual General Meeting (AGM) of the Company.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Changes in Directors and Key Managerial Personnel during the year

During the year under review, there were no changes in the composition of the Board of Directors of the Company.

Mr. Anindya Sengupta resigned as the Chief Financial Officer of the Company with effect from 18th March, 2020.

b) Declaration of Independence by Independent Director

Mr. K. V. Raghavaiah, the Independent Director of the Company, has confirmed that he meets the criteria of Independence as prescribed under Section 149(6) of Companies Act, 2013 (the Act) and Rules thereunder.

c) Retirement by Rotation

In accordance with the provisions of Section 152 of the Act and Article 77(d) of the Articles of Association of the Company, 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 AGM and being eligible, offer themselves for re-appointment; the Board has recommended their re-election.

d) Board and Board Committee

During the year, your Company constituted the Corporate Social Responsibility Committee with following members:

Mr. Dharmarajan Ashok	–	Chairman
Mr. Samrat Deka	–	Member
Mr. K.V. Raghavaiah	–	Member

Your Board met four (4) times during the financial year ended 31st March, 2020.

5. COMPLIANCE TO SECRETARIAL STANDARDS

Your Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

6. BOARD EVALUATION

The Board carried out annual performance evaluation of its own performance and that of the individual Directors, including the Chairman of the Board, as required under Section 134(3)(p) of the Act. The evaluation was carried out 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; and performance evaluation of individual Directors 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.

7. NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy of the Company is guided by a set of principles, inter alia, pertaining to determining qualifications, positive attributes, integrity, independence and objectives particularly envisaged under Section 178 of the Act and the Articles of Association of the Company in respect of Directors, Key Managerial Personnel and employees of the Company.

The said Policy, which remained unchanged during the year, aims at attracting and retaining high caliber talent, is market-led and takes into account the competitive circumstance of its business so as to attract and retain quality talent and leverage performance significantly. It also aims to support and encourage meritocracy.

8. 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.

9. 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 as required under Section 134(3)(o) read with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided as **Annexure 1**, forming part of this Report.

10. PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Conservation of Energy

Steps taken on conservation of Energy:

S/N.	Description
1	Installation of LED lights and solar light with skylights.

Steps taken by the Company for utilizing alternate sources of energy:

S/N.	Description
1	Up-draft gasification technology replacing conventional fuel, i.e. High-Speed Diesel (HSD) by biomass.
2	Installation of 5KL capacity solar water heating plant which will save an estimated 35 KW of electrical energy during the year.

Capital investment on energy conservation equipment – Nil

Technology absorption

Efforts made towards technology absorption and benefits derived like product improvement, cost reduction, product development and import substitution:

The 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; this has resulted in introduction of an innovative stay-fresh pack format for Marie family pack biscuits.

Your Company has neither imported any technology nor incurred any expenditure on Research & Development during the year under review.

11. FOREIGN EXCHANGE EARNINGS AND OUTGO

There has been no foreign exchange earnings and outgo during the year under review.

12. PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS

During the financial year ended 31st March, 2020, the Company has not given any loan, guarantee or made any investment in terms of the provisions of Section 186 of the Act.

13. 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 control and monitoring mechanism.

Your Company operates in the food processing industry and hence food safety and hygiene are of utmost importance. Your Company was awarded in the previous years CII Outstanding award for Food Safety and is also certified FSSC compliant, which demonstrates your Company's commitment to maintain highest standard for food safety and hygiene by following best practices of manufacturing along with stringent quality testing methods and norms for all input materials.

Your Company sells its final products exclusively to ITC Limited (ITC) in accordance with the orders placed by ITC from time to time and hence its revenue is dependent on ITC's market volumes. In view of the increasing marketing initiatives seen for the products from ITC in the North East market, your Company is confident of mitigating the risk of low capacity utilization in the year to come.

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.

The COVID-19 pandemic has triggered new risks in business operations. While the gravity of the pandemic is still unfolding, your Company has proactively put in place Crisis/Contingency Management Teams. These cross-functional teams, represented by senior management, continually review strategic, operational, financial matters as well as measures relating to employee well-being, health and safety.

14. 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. 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, M/s. Deloitte Haskins & Sells.

15. 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.

16. EXTRACT OF ANNUAL RETURN

As per provisions of Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return is provided in **Annexure 2**, forming part of this Report.

17. AUDITORS

(a) Statutory Auditors

The Company's Statutory Auditors, Messrs. Deloitte Haskins & Sells, 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.

(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, 2020 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 3**, forming part of this Report.

18. 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 during the financial year by your Company 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 4**, forming part of this Report.

19. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

Your Company does not have any subsidiary, joint venture or associate company.

20. 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.

21. PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Act read with 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 5**, forming part of this Report.

22. HUMAN RESOURCES DEVELOPMENT

HR practices in your Company are aimed at promoting high productivity amongst its employees and opportunities for career progression. This has been achieved by systematic approach of evaluation, training and goal setting. Various employee engagement programs were conducted during the year under review to bring in a sense of inclusive growth e.g. Annual Cultural Fest, Indoor and Outdoor Sports Tournament, free medical etc. Your Company believes in promoting merit based and fair work culture leading to result oriented work environment.

The Company in its endeavor to have best HR practices is implementing an automated HR Management Software aiming at paperless processing of payroll. This system enables employees an online platform to view their entitlements, attendance, performance management etc.

The Board of Directors record their sincere appreciation of the efforts of the committed team of employees.

Industrial Relations during the year under review was generally cordial.

23. 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 at the work place. During the year under review, no case of sexual harassment was reported.

24. 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 on training and participation of the workmen towards Environment, Health and Safety. Your Company has conducted in-house training of situation-based standard operating procedures for various emergencies, viz earthquake preparedness, fire emergency etc.

World Environment Day was observed with the theme "Beating Air Pollution" and 50 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.

National Safety Week – 2020 was celebrated with the theme "Enhancing Safety and Health Performance by using Advanced Technology" with training sessions regarding occupational safety, road safety and health emergency safety measures etc. Concurrent with the theme, deployment of automated fire extinguisher balls which will douse fire in 4 sq.mt. area upon contact was conducted in fire prone areas to further enhance fire safety without human intervention and with minimum damage to the plant and machinery.

Emergency mock drills were organised at regular intervals including training to the security team to handle emergency and safe evacuation of the occupants.

Your Company conducts safety meetings on periodic basis with worker and management representatives. Also, your Company has provided and maintained facilities, equipment, operations and working conditions which are safe for the employees and visitors to its factory.

ACKNOWLEDGEMENT

The Directors record their appreciation for the assistance rendered to the Company by its Members, Banks and various authorities under the Central and State Governments.

Your Directors look forward to the future with confidence.

By order of the Board

North East Nutrients Private Limited

Dated: 5th June, 2020	**(P. Wali)**	**(N. K. Jasper)**
Place : Bengaluru	Chairman	Director

Annexure - 1

Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2020

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken.	North East Nutrients Private Limited (NENPL) being a subsidiary of ITC Limited (ITC) will discharge its Corporate Social Responsibility by aligning itself with the Corporate Social Responsibility (CSR) Policy of ITC. The Company will: 1) undertake CSR activities in areas or subjects specified in Schedule VII of the Companies Act, 2013 (Act); 2) undertake CSR activities through a registered trust or a registered society or a company established under Section 8 of the Act by ITC; 3) contribute to the Corpus of a registered trust or a registered society or a company established under Section 8 of the Act by ITC where: (i) such trust / society / company is created exclusively for undertaking CSR activities or (ii) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act, and collaborate with ITC or other companies / trusts for undertaking CSR activities.	
2.	Composition of the CSR Committee	Mr. Dharmarajan Ashok (Chairman) Mr. Samrat Deka Mr. K. V. Raghavaiah	
3.	Average net profits of the Company for last three financial years	Rs. 346.28 lakhs	
4.	Prescribed CSR Expenditure (2% of the amount stated under 3 above)	Rs. 6.93 lakhs	
5.	Details of CSR spent during the financial year	(a) Total amount spent for financial year (b) Amount unspent, if any	Rs. 7 lakhs Nil

(c) Manner in which the amount spent during the financial year is detailed below:

1.	2.	3.	4.	5.	6.	7.	8.
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Contribution to the Corpus of ITC Education Trust	Advancement and promotion of General Education for better society [covered under Clause (ii) of Schedule VII to the Companies Act, 2013]	N.A.	Rs. 7 lakhs	Rs. 7 lakhs	Rs. 7 lakhs	Implementing Agency – ITC Education Trust, Kolkata

The CSR Committee of the Board has confirmed that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and Policy of the Company.

D. Ashok
Chairman - CSR Committee
Kolkata

Samrat Deka
Non-Executive Director
Mangaldai

Dated : 5th June, 2020

Annexure - 2

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U15122WB2013PTC196135
ii.	Registration Date	5th August, 2013
iii.	Name of the Company	North East Nutrients Private Limited
iv.	Category / Sub-Category of the Company	Private Company Limited by Shares
v.	Address of the Registered Office and contact details	Kanak Towers, 3rd Floor, 7A Anandilal Poddar Sarani, Kolkata – 700071, West Bengal. Tel : 9108049838
vi.	Whether listed company	No
vii.	Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	KFin Technologies Private Limited, Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Telangana. Tel : (040) 67162222

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Manufacture of Biscuits	10712	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	ITC Limited, Virginia House, 37 J. L. Nehru Road, Kolkata – 700071	L16005WB1910PLC001985	Holding Company	76	Section 2(46) of the Companies Act, 2013

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	1,75,20,000	1,75,20,000	24	–	1,75,20,000	1,75,20,000	24	Nil
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	5,54,80,000	5,54,80,000	76	5,54,79,990	10	5,54,80,000	76	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**–**	**7,30,00,000**	**7,30,00,000**	**100**	**5,54,79,990**	1,75,20,010	**7,30,00,000**	**100**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**7,30,00,000**	**7,30,00,000**	**100**	**5,54,79,990**	**1,75,20,010**	**7,30,00,000**	**100**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	7,30,00,000	7,30,00,000	100	5,54,79,990	1,75,20,010	7,30,00,000	100	Nil

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	5,54,80,000	76	Nil	5,54,80,000	76	Nil	Nil
2.	Mr. Mukul Chandra Deka	43,80,000	6	6	43,80,000	6	6	Nil
3.	Mr. Rajib Kumar Deka	43,80,000	6	6	43,80,000	6	6	Nil
4.	Mr. Anupam Deka	43,80,000	6	6	43,80,000	6	6	Nil
5.	Mr. Samrat Deka	43,80,000	6	6	43,80,000	6	6	Nil
	TOTAL	**7,30,00,000**	**100**	**24**	**7,30,00,000**	**100**	**24**	**Nil**

(iii) Change in Promoters' Shareholding (please specify, if there is no change) – No change during the year

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors and Key Managerial Personnel, other than Mr. Samrat Deka, Non-Executive Director, holds any shares in the Company in their individual capacity.

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Mr. Samrat Deka (Non-Executive Director)**				
	At the beginning of the year	43,80,000	6.00	43,80,000	6.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	–	N.A.	–	N.A.
	At the end of the year	43,80,000	6.00	43,80,000	6.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: **(Amount in ₹ Crores)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	36.52	–	-	36.52
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–

(Amount in ₹ Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Total (i+ii+iii)	**36.52**	**Nil**	**Nil**	**36.52**
Change in Indebtedness during the financial year				
• Addition	–	–	–	–
• Reduction	21.84	–	–	21.84
- Principal paid during 2019-20	21.84	–	–	21.84
- Interest accrued but not due at the beginning of the FY	–	–	–	–
Net Change	**(21.84)**	**Nil**	**Nil**	**(21.84)**
Indebtedness at the end of the financial year				
i) Principal Amount	14.68	-	-	14.68
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**14.68**	**Nil**	**Nil**	**14.68**

* Note: As per Ind AS, Preference Share Capital of Rs.18 Crores has been treated as Borrowings in the Balance Sheet, however the same is not considered as indebtedness for this purpose since it is not in the nature of secured / unsecured loan.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager: **(Amount in ₹)**

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager Ms. Savitha Bai S (Manager & Company Secretary) *(refer Note 1)*
1.	Gross salary :	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	10,54,178
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	45,581
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total (1)		**10,99,759**
Ceiling as per the Companies Act, 2013 (5% of the net profits of the Company computed in accordance with Section 198 of the said Act)		**23,63,300 p.a.**

Note 1: Ms. Savitha Bai S is on deputation from ITC Limited, the Holding company.

B. Remuneration to other Directors: **(Amount in ₹)**

Sl. No.	Particulars of Remuneration	Name of Director Mr. K. V. Raghavaiah *(refer note 2)*
1.	**Independent Directors**	
	• Fee for attending Board and Board Committee meetings	70,000
	• Commission	–
	• Others, please specify	–
	Total (2)	**70,000**
	Total = (1) + (2)	**11,69,759**
	Ceiling as per the Companies Act, 2013 (5% of the net profits of the Company computed in accordance with Section 198 of the said Act)	**23,63,300 p.a.**

Note 2: Independent Director of the Company is not entitled to any remuneration other than sitting fees for attending Board meetings.

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Wholetime Director:

As on 31st March, 2020, the Company did not have a Chief Financial Officer hence no details are given hereunder.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

By order of the Board

NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated: 5th June, 2020
Place: Bengaluru

(P. WALI) CHAIRMAN

(N. K. JASPER) DIRECTOR

Annexure - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2020

[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 the adherence to good corporate practices by M/s. North East Nutrients Private Limited (hereinafter called 'the Company') during the financial year ended 31st March, 2020. 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.

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 and relying on information and documents provided 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, 2020, complied with the statutory provisions listed hereunder and also 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 M/s. North East Nutrients Private Limited to us during our audit, maintained according to the provisions of the following law:

   (i) The Companies Act, 2013 (the Act) and the rules made thereunder;

   (b) We have also examined the secretarial compliance of the books, papers, minute books, forms and returns filed and other records maintained by M/s. North East Nutrients Private Limited for the financial year ended on 31st March, 2020 according to the provisions of the following laws specifically applicable to the Company as also referred in above paragraphs of this report:

   (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 period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, 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 and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

   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 and further information and clarifications on the agenda items are also provided for meaningful participation at the meeting.

   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, regulations and guidelines, such as 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.

Note : The verification of the records was done in physical or electronic form, as far as practicable under the prevailing circumstances and in adherence to best professional standards and practices.

For, ANJAN KUMAR ROY & CO.
Company Secretaries
ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557
UDIN: F005684B000317677

Place : Kolkata
Date : 05th June, 2020

Annexure - A

(To the Secretarial Audit Report of
M/s. North East Nutrients Private Limited
for the Financial Year ended 31st March, 2020)

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, 2020 of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were, to the best of our understanding, appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done in physical or electronic form, as far as practicable, under the prevailing circumstances and in adherence to best professional standards and practices and the relevant law in true letter and spirit while carrying out the audit even during the lockdown. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness, appropriateness or adequacy of financial records, Books of Accounts, Statutory Registers and decisions taken in Board and in Committees of the Company, during the period under review. However, we have verified as to whether or not the Board process and approvals in various Committees have been complied with or not, during the period under review.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, 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
ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557
UDIN: F005684B000317677

Place : Kolkata
Date : 05th June, 2020

Annexure - 4

FORM AOC – 2

for the Financial Year ended 31st March, 2020

(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:** None

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

(a)	Name(s) of the related party and nature of relationship	**ITC Limited, Holding Company**
(b)	Nature of contracts / arrangements / transactions	Manufacturing & Sale Agreement
(c)	Duration of the contracts / arrangements / transactions	Period of 5 years effective 24th August, 2015
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transaction during the year Rs. 161.22 Crores.
(e)	Date(s) of approval by the Board	17th August, 2015
(f)	Amount paid as advances, if any.	Nil

By order of the Board

NORTH EAST NUTRIENTS PRIVATE LIMITED

Dated: 5th June, 2020
Place : Bengaluru

(P. WALI)
CHAIRMAN

(N. K. JASPER)
DIRECTOR

Annexure - 5

Information pursuant to Section 197 of the Companies Act, 2013 read with 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 2019-20

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. Anindya Sengupta*##	32	Chief Financial Officer	3,656,585	2,535,223	M. Com, A.C.A.	11	01.01.15	Assistant Manager - Finance, ITC Limited
2	Mr. Dipak Shinde*	28	Operations and Maintenance Manager	2,941,863	2,101,856	B. Tech in Mechanical Engineering	5	01.04.17	Technical AUT, ITC Limited
3	Mr. Neeraj Jaligam *#	25	Process Excellence Manager	1,858,010	1,316,388	B. Tech in Mechanical Engineering	4	05.07.19	Technical AUT, ITC Limited
4	Mr. Sanjeeb Kumar Kanu	48	Assistant Manager - Finance	1,232,523	1,079,103	M.Com	18	08.12.15	Deputy Manager - Accounts, FENA Private Limited
5	Ms. Savitha Bai S.*	37	Manager & Company Secretary	1,137,893	897,678	B.Com, A.C.S., MBL	18	01.03.16	Finance Executive, ITC Limited
6	Mr. Kaustav Purkayastha	44	Assistant Manager - Supply Chain	816,864	773,664	MBA, Material Management	19	30.10.17	Supply Chain Manager, Alliance India (Manufacturing Unit HUL)
7	Mr. Binit Agarwal *	29	Unit Finance Manager	752,777	653,042	B.Com, ACMA	8	01.03.19	Finance Executive, ITC Limited
8	Mr. Pramod Shrivastav	38	Executive- Logistic & Procurement	691,145	647,945	B. A.	11	20.11.17	Store Manager-Unibics Foods India Private Limited
9	Mr. Ritu Kumar Pachani	32	Manager- Electrical	635,815	595,015	Diploma in Instrumentation Technology	10	22.05.18	In-charge - Electrical, Dabur
10	Mr. Vinod Kumar Pandey	44	Manager- Mechanical	628,209	585,009	ITI- Fitter	19	10.01.18	Maintenance In charge - Parle

Notes:

* On deputation from ITC Limited, the Holding company (ITC); remuneration borne by the Company as per the terms of deputation of their services.

Resigned with effect from 18.03.2020. Had been granted Employee Stock Appreciation Linked Reward Units (ESAR Units) by ITC under its Stock Appreciation Linked Reward Plan. Since these ESAR Units are not tradeable, no perquisite or benefit was conferred upon the employee by grant of such Units, and accordingly the said grant has not been considered as remuneration.

\# Deputed from July, 2019.

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 :
   (a) For Managers on deputation from ITC, gross remuneration includes salary, performance bonus, allowances & other benefits / applicable perquisites except contributions to the approved Pension Fund, under the defined benefit scheme and Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis.
   (b) For Managers on rolls of the Company, gross remuneration includes salary, performance pay and allowances.
   (c) 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 towards 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: 5th June, 2020 | **(P. WALI)** CHAIRMAN | **(N. K. JASPER)** DIRECTOR

Place: Bengaluru

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 31st March 2020, 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 2020, 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 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 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 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

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

   e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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.

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.302009E)

Ananthi Amarnath
(Partner)
(Membership No. 209252)
UDIN: 20209252AAAAFF2612

Date : June 05, 2020
Place : Chennai

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls 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, 2020 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, 2020, based on the 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: 20209252AAAAFF2612

Date : June 05, 2020
Place : Chennai

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)

(i) In respect of fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situationof fixed assets.

(b) 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 explanation given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit and does not have any unclaimed deposits.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income-tax, Customs Duty, Goods & Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods & Service Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2020on account of disputes.

.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions.

The Company has not taken any loans or borrowings from banks, government and has not issued any debentures.

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

(x) 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.

(xi) The Company is a private company and hence the provisions of Section 197 of the Companies Act, 2013 do not apply to the Company.

(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 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) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) 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 directors of its holding company or persons connected with its directors 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.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Ananthi Amarnath
(Partner)
(Membership No. 209252)
UDIN: 20209252AAAAFF2612

Date : June 05, 2020
Place : Chennai

BALANCE SHEET AS AT 31ST MARCH, 2020

	Note		As at 31st March, 2020 Amount (₹)		As at 31st March, 2019 Amount (₹)
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	1A		775,589,279		831,248,694
(b) Capital work-in-progress	1B		40,053,274		33,504,173
(c) Deferred tax assets (net)	2A		25,484,418		21,500,000
(d) Other non-current assets	2		23,716,341		9,515,859
			864,843,312		895,768,726
Current assets					
(a) Inventories	3		107,944,255		89,225,909
(b) Financial assets					
(i) Investments	4A	–		10,010,406	
(ii) Trade receivables	4	53,620,138		51,411,359	
(iii) Cash and cash equivalents	5	1,293,591		202,117,612	
(iv) Other Bank deposits		–		770,000	
(v) Other financial assets		–	54,913,729	13,647	264,323,024
(c) Other current assets	2		112,974,021		85,460,035
			275,832,005		439,008,968
Total assets			1,140,675,317		1,334,777,694
EQUITY AND LIABILITIES					
Equity					
(a) Share capital	6	730,000,000		730,000,000	
(b) Other equity		16,358,903	746,358,903	(18,586,508)	71,14,13,492
			746,358,903		71,14,13,492
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	7		302,000,000		423,600,000
(b) Provisions	9		6,414,712		3,604,195
			308,414,712		427,204,195
Current liabilities					
(a) Financial Liabilities					
(i) Trade payables					
(A) Dues of Micro, Small and Medium Enterprises		4,145,895		119,173	
(B) Dues of creditors other than Micro, Small and Medium Enterprises		43,631,078		25,889,681	
(ii) Other financial liabilities	8	31,237,786	79,014,759	159,882,834	185,891,688
(b) Other current liabilities	10		6,886,943		10,268,319
			85,901,702		196,160,007
Total equity and liabilities			1,140,675,317		1,334,777,694

The accompanying notes 1 to 18 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

S. DEKA
Director
Mangaldai

N. K. JASPER
Director
Bengaluru

P. WALI
Chairman
Bengaluru

ANANTHI AMARNATH
Partner
Chennai, 5th June, 2020

SAVITHA BAI S.
Manager & Company Secretary
Bengaluru, 5th June, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

		Note	For the year ended 31st March, 2020 Amount (₹)	For the year ended 31st March, 2019 Amount (₹)
I	Revenue from operations	11	**1,478,517,111**	1,616,919,415
II	Other income	12	**3,520,728**	573,655
III	Total Income (I+II)		**1,482,037,839**	1,617,493,070
IV	**EXPENSES**			
	Cost of material consumed		**938,858,375**	987,490,485
	Changes in inventories of finished goods		**(5,073,856)**	(3,028,908)
	Employee benefits expense	13	**70,665,837**	73,551,656
	Finance costs	14	**49,802,522**	67,610,828
	Depreciation and amortization expense	1A	**71,525,279**	112,516,693
	Other expenses	15	**308,369,800**	288,831,779
	Total expenses (IV)		**1,434,147,957**	1,526,972,533
V	**Profit/(Loss) before tax (III- IV)**		**47,889,882**	90,520,537
VI	**Tax expense:**			
	Provision for Income Tax		**3,984,418**	21,500,000
	Less: Mat Credit Entitlement		**(3,984,418)**	(21,500,000)
VII	Profit/(Loss) for the period (V-VI)		**47,889,882**	90,520,537
	Other comprehensive income			
	Items that will not be reclassified to profit or loss:			
	- Remeasurements of defined benefit plans		**(623,720)**	675,944
VIII	**Total other comprehensive income**		**(623,720)**	675,944
IX	**Total comprehensive income for the year (VII+VIII)**		**47,266,162**	91,196,481
X	Earnings per equity share (Face Value Rs.10 per share): Basic and Diluted (in ₹)	16	**0.66**	1.24

The accompanying notes 1 to 18 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

S. DEKA
Director
Mangaldai

N. K. JASPER
Director
Bengaluru

P. WALI
Chairman
Bengaluru

ANANTHI AMARNATH
Partner
Chennai, 5th June, 2020

SAVITHA BAI S.
Manager & Company Secretary
Bengaluru, 5th June, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

		For the year ended 31st March, 2020 Amount (₹)		For the year ended 31st March, 2019 Amount (₹)	
A.	**Cash flow from operating activities**				
	Net Profit/(loss)		47,889,882		90,520,537
	Adjustments for:				
	Depreciation and amortisation expenses	71,525,279		112,516,693	
	Finance costs	49,802,522		67,610,828	
	Interest income	(3,520,728)	117,807,073	(573,655)	179,553,866
	Operating profit/(loss) before working capital changes		165,696,955		270,074,403
	Changes in working capital:				
	Adjustment for (increase) / decrease in operating assets:				
	Trade receivables, and other current assets	(30,038,822)		(16,799,324)	
	Inventories	(18,718,346)		(10,299,598)	
	Adjustment for increase / (decrease) in operating liabilities:				
	Trade payables, other liabilities and provisions	20,497,309	(28,259,859)	(6,119,229)	(33,218,151)
	Cash generated/(used) from operations		137,437,096		236,856,252
	Net income tax (paid) / refunds		(18,880,000)		(24,447,277)
	Net cash generated from/(used in) operating activities (A)		118,557,096		212,408,975
B.	**Cash flow from investing activities**				
	Capital expenditure on property, plant and equipments including capital advances	(22,614,880)		(38,978,431)	
	Capital subsidy received	–		201,939,972	
	received on deposits/bank deposits & maturiry of bank deposit	1,399,529		295,995	
	Purchase of current investments mutual fund	(974,000,000)		(127,000,000)	
	Sales/redemption of current investments mutual fund	986,916,767		117,249,367	
	Investment in other bank deposits (original maturity more than 3 months)	–	(8,298,584)	(770,000)	152,736,903
	Net cash used in investing activities (B)		(8,298,584)		152,736,903
C.	**Cash flow from financing activities**				
	Dividend Paid	(58,733,699)			
	Tax on dividend paid	(12,072,885)			
	Repayment of long term borrowings	(218,445,561)		(121,600,000)	
	Interest paid	(21,830,388)	(311,082,533)	(49,610,828)	(171,210,828)
	Net cash generated from/(used in) financing activities (C)		(311,082,533)		(171,210,828)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		(200,824,021)		193,935,050
	Cash and cash equivalents at the beginning of the Year		202,117,612		8,182,562
	Cash and cash equivalents at the end of the year		1,293,591		202,117,612

Note:

The above Cash Flow Statement has been prepared under the "Indirect Method" (Ind AS 7)

The accompanying notes 1 to 18 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

S. DEKA
Director
Mangaldai

N. K. JASPER
Director
Bengaluru

P. WALI
Chairman
Bengaluru

ANANTHI AMARNATH
Partner
Chennai, 5th June, 2020

SAVITHA BAI S.
Manager & Company Secretary
Bengaluru, 5th June, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity Share Capital (₹)	Amount (₹)
As at 1st April, 2017	730,000,000
Changes in equity share capital	–
As at 1st April, 2018	730,000,000
Changes in equity share capital	–
As at 31st March, 2019	730,000,000
Changes in equity share capital	–
As at 31st March, 2020	**730,000,000**

B. Other Equity (₹)	**Retained Earnings Amount (₹)**
Balance as at 1st April, 2018	(109,782,989)
Profit/(Loss) for the year	90,520,537
Other Comprehensive Income (net of tax)	675,944
Total Comprehensive Income	91,196,481
Balance as at 31st March, 2019	(18,586,508)
Profit/(Loss) for the period	47,889,882
Other Comprehensive Income (Net of Tax)	(623,720)
Total Comprehensive Income	47,266,162
Dividend	
- Interim dividend (2019-20 - Rs. 0.14 per share)	(10,220,000)
Tax on Dividend paid	(2,100,751)
Balance as at 31st March, 2020	**16,358,903**

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

ANANTHI AMARNATH
Partner
Chennai, 5th June, 2020

For and on behalf of the Board of Directors

S. DEKA
Director
Mangaldai

N. K. JASPER
Director
Bengaluru

P. WALI
Chairman
Bengaluru

SAVITHA BAI S.
Manager & Company Secretary
Bengaluru, 5th June, 2020

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 & EQUIPMENT AND DEPRECIATION

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. 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.

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. Freehold Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	30 – 60 years
Plant and Equipment	10 – 15 years
Furniture and Fixtures	10 years
Vehicles	8 years
Office Equipments	5 years

Property, plant and equipments' residual values and useful lives are reviewed, and are treated as changes in accounting estimates, at each balance sheet date.

F. IMPAIRMENT OF ASSETS

Impairment loss, if any, is provided, to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

G. INVENTORIES

Inventories are stated at lower of cost and net realisable value. The cost of inventories is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Cost of purchased inventories are determined after deducting rebates and discounts.

Obsolete, slow moving and defective inventories are identified at the time of periodic physical verification of inventories and, where necessary, a markdown is made for such inventories.

H. FINANCIAL INSTRUMENTS, FINANCIAL ASSETS, FINANCIAL LIABILITES 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 & 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. FOREIGN CURRENCY TRANSACTIONS

The Company accounts for transactions in currencies other than the Company's functional currencies 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.

K. 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 & 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.

L. 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.

M. 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.

N. LEASES

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases". In respect of the transition to Ind AS 116 the impact on the financial statements is Nil.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in the statement of Profit and Loss.

Short-term leases and leases of low-value assets: The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

O. 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.

P. 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.

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.

Q. 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.

R. 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.

S. 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

All figures in (₹)

Particulars	Gross Block						
	As at 31st March, 2018	Additions	Withdrawals and adjustments	As at 31st March, 2019	Additions	Withdrawals and adjustments	As at 31st March, 2020
1A. Property, plant and equipment*							
Land Freehold	39,734,710	-	-	39,734,710	-	-	**39,734,710**
Buildings - Freehold	556,765,344	-	-	556,765,344	**2,619,221**	-	**559,384,565**
Plant and Equipment	764,573,278	9,252,070	201,939,972	571,885,376	**10,677,421**	-	**582,562,797**
Furniture and Fixtures	5,707,435	688,375	-	6,395,810	1,919,910	-	8,315,720
Vehicles	4,303,876	-	-	4,303,876	-	-	4,303,876
Office Equipment	4,102,700	150,350	-	4,253,050	649,312	-	4,902,362
Total	1,375,187,343	10,090,795	-	1,183,338,166	**15,865,864**	-	**1,199,204,031**
1B. Capital work-in-progress	6,236,048	37,358,920	10,090,795	33,504,173	**22,414,965**	**15,865,864**	**40,053,274**
Total	1,381,423,392	47,449,715	10,090,795	1,216,842,340	**38,280,829**	**15,865,864**	**1,239,257,304**

Particulars	Depreciation and Amortisation					Net Book Value		
	As at 1st April, 2018	For the year	Upto 1st April, 2019	For the year	Upto 31st March, 2020	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2018
1A. Property, plant and equipment*								
Land Freehold	-	-	-	-	-	**39,734,710**	39,734,710	39,734,710
Buildings - Freehold	53,409,707	21,467,006	74,876,713	21,539,914	**96,416,627**	**462,967,939**	481,888,632	503,355,638
Plant and Equipment	183,319,279	89,558,410	272,877,689	47,785,278	**320,662,967**	**261,899,830**	299,007,687	581,253,999
Furniture and Fixtures	765,900	557,491	1,323,391	768,415	2,091,806	6,223,914	5,072,419	4,941,535
Vehicles	894,063	511,301	1,405,364	511,301	1,916,665	2,387,211	2,898,512	3,409,813
Office Equipment	1,183,830	422,485	1,606,315	920,371	2,526,686	2,375,675	2,646,734	2,918,869
Total	**239,572,779**	**112,516,693**	**352,089,472**	**71,525,279**	**423,614,751**	775,589,279	**831,248,694**	**1,135,614,564**
1B. Capital work-in-progress	-	-	-	-	-	40,053,274	**33,504,173**	**6,236,048**
Total	**239,572,779**	**112,516,693**	**352,089,472**	**71,525,279**	**423,614,751**	815,642,553	**864,752,867**	**1,141,850,613**

*Refer note 7.1

	As at 31st March, 2020 Amount (₹)		As at 31st March, 2019 Amount (₹)	
	Current	**Non-Current**	Current	Non-Current
2. Other Non-Current & Current Assets				
(A) Capital Advances		–		1,009,642
TOTAL (A)	–	–	–	1,009,642
(B) Advances other than capital advances				
(i) Security Deposits				
1) With Statutory Authorities	–	**5,145,049**	–	4919,069
2) With Others	–	**556,800**	–	556,800
(ii) Advance Tax	–	**18,014,492**		3030,348
(iii) Other Advances				
(including advances with statutory authorities, prepaid expenses, employee etc.)	**112,974,021**		85,460,035	
TOTAL (B)	**112,974,021**	**23,716,341**	85,460,035	8,506,217
TOTAL (A + B)	**112,974,021**	**23,716,341**	85,460,035	9,515,859
2A. MAT credit Assets (net)				
MAT Credit Entitlement		**25,484,418**		21,500,000
		25,484,418		21,500,000
3. Inventories				
(At lower of cost and net realisable value)				
Raw materials (including packing materials)	**5,08,44,793**	–	4,03,36,052	–
Finished goods (manufactured)	**2,10,62,117**	–	1,59,88,261	–
Stores and Spares	**3,60,37,345**	–	3,29,01,596	–
TOTAL	**10,79,44,255**	–	8,92,25,909	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2020 Amount (₹)	As at 31st March, 2019 Amount (₹)
4A Investments - Current		
Investment in Mutual Fund (mandatorily measured at FVTPL) - Unquoted *	–	10,010,406
TOTAL	–	10,010,406

* Invested in Mutual Fund
ABSL Mutual Fund.
2020 - Nil (2019- 36346.137 units of ₹ 100 each)

4B. Trade Receivables - Current		
Unsecured, considered good		
Others	5,36,20,138	5,14,11,359
TOTAL	5,36,20,138	5,14,11,359
5. Cash and cash equivalents @		
Balances with Banks		
Current accounts	1,293,591	202,117,612
TOTAL	1,293,591	202,117,612

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

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 Amount (₹)	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 Amount (₹)
6. Share capital				
Authorised				
Equity Shares of ₹ 10.00 each	75,000,000	750,000,000	75,000,000	750,000,000
Preference Shares of ₹ 100.00 each	2,000,000	200,000,000	2,000,000	200,000,000
Issued and Subscribed (also refer note 7)				
Equity Shares of ₹ 10.00 each, fully paid	73,000,000	730,000,000	73,000,000	730,000,000
A) Reconciliation of number of Equity Shares outstanding				
As at beginning of the year	73,000,000	730,000,000	73,000,000	730,000,000
Add: Issue of Shares	–	–	–	–
As at end of the year	73,000,000	730,000,000	73,000,000	730,000,000

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

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 %	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %
ITC Limited (Holding Company)	55,480,000	76.00	55,480,000	76.00
Mukul Chandra Deka	4,380,000	6.00	4,380,000	6.00
Rajib Kumar Deka	4,380,000	6.00	4,380,000	6.00
Anupam Deka	4,380,000	6.00	4,380,000	6.00
Samrat Deka	4,380,000	6.00	4,380,000	6.00

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2020 Amount (₹)	As at 31st March, 2019 Amount (₹)
7. Long-term borrowings		
Secured		
Term loans		
Loans from Related parties	122,000,000	243,600,000
Unsecured		
10%, Redeemable Preference share capital of ₹ 100.00 each	180,000,000	180,000,000
TOTAL	180,000,000	423,600,000

Nature of security and terms for secured long term borrowings including current maturities of long term borrowings are as under:

7.1 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 Sep, 2016 and carry an interest of 12.00% p.a.

The scheduled maturity of the Long-term borrowings are summarised as under:

Borrowings repayable		
In the first year (Note 7)	24,754,439	121,600,000
Current maturities of long-term debt	24,754,439	121,600,000
In the second year	122,000,000	121,600,000
In the third to fifth year	–	122,000,000
Long-term borrowings	122,000,000	243,600,000

7.2 Redeemable non-convertible preference shares have been issued during the year ended March 31, 2018 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.

8. Other Financial liabilities		
Current		
Current maturities of long-term debt (Note 7)	24,754,439	121,600,000
Provision for preference share dividend	4,500,000	35,013,699
Payable towards property, plant and equipment	–	` 1,209,557
Other payables	1,983,347	2,059,578
TOTAL	31,237,786	159,882,834
9. Provisions (Non Current)		
Provision for employee benefits		
Retirement benefits	6,414,712	3,604,195
TOTAL	6,414,712	3,604,195
10. Other current liabilities		
Statutory Liabilities	6,886,943	10,268,319
TOTAL	6,886,943	10,268,319

	For the year ended 31st March, 2020 Amount (₹)	For the year ended 31st March, 2019 Amount (₹)
11. Revenue from operations		
Sale of Products	1,362,205,956	1,493,306,968
Gross Revenue from sale of products and services	1,362,205,956	1,493,306,968
Other Operating Revenues		
Subsidies - SGST, CGST & IGST benefit	106,956,768	115891,403
Income from scrap sale	9,354,387	7,721,044
TOTAL	1,478,517,111	1,616,919,415

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2020 Amount (₹)	For the year ended 31st March, 2019 Amount (₹)
12. Other income		
Interest income from bank deposits measured at amortised cost	659	15,163
Income from Investments in Mutual Fund*	2,906,362	2,59,774
Income from Security Deposit (From Electricity Board - APDCL)	613,707	2,95,995
Interest on income tax refund	–	2,723
TOTAL	3,520,728	5,73,655

*Income from investment in mutual fund comprises

a) Financial assets mandatorily measured at FVTPL Rs. NIL (2019 - Rs.10,406)

b) Net gain/(loss) on sale of investments Rs. 2,906,362 (2019 - Rs. 249,368)

	For the year ended 31st March, 2020 Amount (₹)	For the year ended 31st March, 2019 Amount (₹)
13. Employee benefits expense		
Salaries and wages	37,698,451	37,521,443
Reimbursement of remuneration of deputed managers	11,039,523	11,144,973
Contribution to Provident & other funds	2,883,006	2,687,205
Gratuity expenses	2,186,797	1,676,686
Staff welfare expenses	16,858,060	20,521,349
TOTAL	70,665,837	73,551,656
14. Finance cost		
Interest expense on borrowing measured at amortised cost	21,830,388	4,96,10,828
Preference dividend	27,972,134	1,80,00,000
TOTAL	49,802,522	6,76,10,828
15. Other Expenses		
Power and fuel	64,384,295	68,416,581
Consumption of stores and spare parts	30,252,303	20,937,660
Rent	7,823,092	8,194,804
Rates and taxes	1,003,518	798,105
Insurance	2,599,713	2,567,967
Repairs	11,385,944	6,743,008
Outward freight and handling charges	41,843,807	47,899,820
Contractual charges	105,202,107	90,838,784
Information technology services	3,993,652	4,726,336
Travelling and conveyance	1,898,707	1,901,114
Consultancy / Professional fees	32,556,639	28,556,936
Miscellaneous expenses	5,426,023	7,250,664
TOTAL	308,369,800	288,831,779
Miscellaneous expenses include :		
Auditors' remuneration and expenses *		
as statutory audit fees	8,00,000	5,50,000
as tax audit fees	1,25,000	50,000
as reimbursement of expenses	27,886	24,450
	9,52,886	6,24,450

* Excluding taxes.

16. Earnings per equity share has been computed as under:		
(a) Profit for the year (₹)	4,78,89,882	9,05,20,537
(b) Weighted average number of Equity shares outstanding	7,30,00,000	7,30,00,000
(c) Earnings per equity share on profit for the year (Face Value ₹ 10.00 per share)		
- Basic and Diluted [(a)/(b)]	0.66	1.24

17. Additional Notes to the Financial Statements

(i) Contingent liabilities and commitments :

(a) Contingent liabilities: Nil (2019 - Nil)

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for: ₹ 4,681,695 (2019 - 14,830,128).

(ii) (a) Defined Benefit Plans - As per Actuarial Valuations as on 31st March, 2020 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 fund 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, 2020 (₹)	For the year ended 31st March, 2019 (₹)
			Gratuity	Gratuity
			Unfunded	Unfunded
I	**Components of Employer Expense**			
	- Recognised in Profit or Loss			
	1	Current service cost	1,916,482	1,481,427
	2	Past service cost	-	-
	3	Net interest cost	270,315	195,259
	4	**Total expense recognised in the Statement of Profit and Loss**	2,186,797	1,676,686
	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	-	2,554
	7	Effect of changes in financial assumptions	947,541	-
	8	Changes in asset ceiling (excluding interest income)	-	-
	9	Effect of experience adjustments	(323,821)	(678,498)
	10	Total re-measurements included in OCI	623,720	(675,944)
	11	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)**	2,810,517	1,000,742
II	**Actual returns**		–	–
III	**Net Asset/(Liability) recognised in Balance Sheet**			
	1	Present value of Defined Benefit Obligation	6,414,711	3,604,195
	2	Fair value of plan assets	-	-
	3	Status [Surplus/(Deficit)]	(6,414,711)	(3,604,195)

Net Asset/(Liability) recognised in Balance Sheet	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-current	Current	Non-current
Gratuity	–	(6,414,711)	–	(3,604,195)

			For the year ended 31st March, 2020 (₹)	For the year ended 31st March, 2019 (₹)
			Gratuity	Gratuity
IV	**Change in Defined Benefit Obligation (DBO)**			
	1	Present value of DBO at the beginning of the year	3,604,195	2,603,453
	2	Current service cost	1,916,482	1,481,427
	3	Interest cost	270,315	195,259
	4	Remeasurement losses / (gains):	-	-
		Effect of changes in demographic assumptions	-	2,554
		Effect of changes in financial assumptions	947,541	-
		Effect of experience adjustments	(323,821)	(678,498)
	10	**Present Value of DBO at the end of the year**	6,414,712	3,604,195

V		**Actuarial Assumption**	As at 31st March, 2020	As at 31st March, 2019
			Discount Rate (%)	Discount Rate (%)
	1	Interest rate	6.25%	7.50%
	2	Weighted expected rate of salary increase	10.00%	10.00%
	3	Retirement age	60	60
	4	Attrition rate	4.00%	4.00%
	5	Mortality table	IALM 2012-14	IALM 2012-14
		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, 2020	As at 31st March, 2019
1	Discount rate +100 basis points	5,359,122	3,033,483
2	Discount rate -100 basis points	7,761,869	4,325,257
3	Salary Increase Rate +1%	7,662,340	4,280,382
4	Salary Increase Rate -1%	5,407,411	3,054,399
5	Attrition Rate +1%	5,996,106	3,412,278
6	Attrition Rate -1%	6,921,241	3,825,824

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 funds and other funds” in Note 13: ₹ 2,883,006 (2019 - ₹ 2,687,205).

(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 2020 is ₹ 41,45,895 (2019 - ₹ 1,19,173) on account of trade payables and Nil (2019 - 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 2020. 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) 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 15.

(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) Deferred Tax

Considering that the deferred tax is reversing within the tax holiday period under section 80IE of Income Tax Act, 1961, deferred tax asset as at 31st March 2020 is not recognized.

(vii) Cost of inventory recognized as an expense during the year amount to ₹ 1,31,32,16,796 (2019 - ₹ 1,37,14,94,931).

17(viii) Related Party Disclosures

1 The company has the following related parties

Holding Company

ITC Limited

Key Management Personnel

P. Wali	Non- Executive Chairman
N.K.Jasper	Non- Executive Director
D. Ashok	Non- Executive Director
S. Deka	Non- Executive Director
K. V. Raghavaiah	Independent Director
Members- Management Committee	
A. Sengupta	Chief Financial Officer
H. Goswami	HR Head
D. Shinde	Head of Operations
S. 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

Key Management Personnel

S. Deka	Non-Executive Director
K. V. Raghavaiah	Non- Executive Director
H. Goswami	HR Head

(viii) Related Party Disclosures (contd.)

(All Figure in ₹)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2020

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					
		2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
1	Sale of goods (incl of VAT, CST & GST)	**1,61,21,66,526**	1,76,99,75,667	-	-	-	-	-	-	-	-	-	-	**1,61,21,66,526**	1,76,99,75,667
2	Purchase of goods/ services	**3,14,51,693**	1,90,14,438	-	-	-	-	**33,079**	23,648	**13,33,984**	16,87,984	-	-	**3,28,18,755**	2,07,26,070
3	Leasing or rental services	**43,88,750**	42,77,500	-	-	-	-	-	-	-	-	-	-	**43,88,750**	42,77,500
4	Management services	-	-	**8,92,080**	10,65,540	-	-	**2,18,06,400**	2,38,06,400	-	-	-	-	**2,26,98,480**	2,48,71,940
5	Labour contract services		-	-	-	-	-	**11,53,39,422**	10,08,51,161	-	-	-	-	**11,53,39,422**	10,08,51,161
6	Internal Audit fees	**1,88,800**	1,77,000	-	-	-	-	-	-	-	-	-	-	**1,88,800**	1,77,000
7	Preference dividend/ interest	**1,80,00,000**	1,80,00,000	-	-	**2,18,30,388**	4,96,10,828	-	-	-	-	-	-	**3,98,30,388**	6,76,10,828
8	Remuneration to Key Management Personnel														
	- Directors		-	-	-	-	-	-	-	-	-	**70,000**	60,000	**70,000**	60,000
	- Others		-	-	-	-	-	-	-	-	-	**6,00,000**	7,25,198	**6,00,000**	7,25,198
9	Remuneration of managers on deputation reimbursed	**1,10,39,523**	1,11,44,973	-	-	-	-	-	-	-	-	-	-	**1,10,39,523**	1,11,44,973
10	Payment towards loan repayment		-	-	-	**21,84,45,561**	12,16,00,000	-	-	-	-	-	-	**21,84,45,561**	12,16,00,000

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows *	**2020**	**2019**
- K. V. Raghavaiah (Sitting fees)	**70,000**	60,000
- H. Goswami / M. Das (Salary)	**600,000**	725,198

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					
		2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Balances as at 31st March, 2020 (unsecured unless otherwise stated)															
1	Receivables	**5,36,35,640**	5,36,36,496	-	-	-	-	-	-	-	-	-	-	**5,36,35,640**	5,36,36,496
2	Loans Taken	-	-	-	-	**** 14,67,54,439**	** 36,52,00,000	-	-	-	-	-	-	**14,67,54,439**	36,52,00,000
3	Payables	**15,501**	22,75,984	-	-	-	-	**3,14,868**	2,09,450	-	-	-	-	**3,30,369**	24,85,434
4	Preference Share Capital	**18,00,00,000**	18,00,00,000	-	-	-	-	-	-	-	-	-	-	**18,00,00,000**	18,00,00,000
5	Advances given							**30,00,000**	20,00,000					**30,00,000**	20,00,000

The amount outstanding will be settled in cash.
** Loan from Russell Credit Limited is secured by way of hypothecation/equitable mortgage.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(ix) 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 2020 is 0.36:1 (2019 – 0.43:1). 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 Rs. 73 Crores and debt of Rs. 32.68 Crores. The Company is not subject to any externally imposed capital requirement.

2. Categories of Financial Instruments

	Particulars	Note	As at 31st March, 2020		As at 31st March, 2019	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets						
a)	**Measured at amortised cost**					
	i) Cash and Cash Equivalents	5	12,93,591	12,93,591	20,21,17,612	20,21,17,612
	ii) Other bank deposits		-	-	7,70,000	7,70,000
	iii) Trade Receivables	4	5,36,20,138	5,36,20,138	5,14,11,359	5,14,11,359
	iv) Other Financial Assets		-	-	13,647	13,647
b)	**Measured at Fair Value Through Profit or loss**					
	i) Investment in Mutual Funds	4A	-	-	1,00,10,406	1,00,10,406
	Total financial assets		5,49,13,729	5,49,13,729	26,43,23,024	26,43,23,024
B. Financial liabilities						
a)	**Measured at amortised cost**					
	i) Borrowings	7	30,20,00,000	30,20,00,000	42,36,00,000	42,36,00,000
	ii) Trade Payables		4,77,76,973	4,77,76,973	2,60,08,854	2,60,08,854
	iii) Other financial liabilities	8	3,12,37,786	3,12,37,786	15,98,82,834	15,98,82,834
	Total financial liabilities		38,10,14,769	38,10,14,769	60,94,91,688	60,94,91,688

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 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. 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, 2020						
	Contractual Cash flows*						
	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	30,20,00,000	-	-	-	12,20,00,000	18,00,00,000	30,20,00,000
Trade Payables	4,77,76,973	4,77,76,973	-	-	-	-	4,77,76,973
Other Financial Liabilities	3,12,37,786	7,28,421	-	3,05,09,365	-	-	3,12,37,786
	38,10,14,759	4,85,05,394	-	3,05,09,365	12,20,20,000	18,00,00,000	38,10,14,759

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Particulars	As at 31st March, 2019						
	Contractual Cash flows*						
	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	42,36,00,000	-	-	-	24,36,00,000	18,00,00,000	42,36,00,000
Trade Payables	2,60,08,854	2,60,08,854	-	-	-	-	2,60,08,854
Other Financial Liabilities	15,98,82,834	20,59,578	6,20,09,557	6,08,00,000	3,50,13,699	-	15,98,82,834
	60,94,91,688	**2,80,68,432**	**6,20,09,557**	**6,08,00,000**	**27,86,13,699**	**18,00,00,000**	**60,94,91,688**

* 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 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.

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31st March, 2020	As at 31st March, 2019
A. Financial assets			
Measured at Fair Value Through Profit or Loss			
Investment in Mutual Funds	1	–	10,010,406
Total financial assets		–	10,010,406
B. Financial liabilities			
Measured at amortised cost			
Borrowings	2	**302,000,000**	423,600,000
Total financial liabilities		**302,000,000**	423,600,000

(ix) (a) Expenditure incurred under section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities Rs. 7 lacs (2019 - NIL) - Contibution given to ITC Education Trust.

(x) The financial statements were approved for issue by the Board of Directors on June 5th, 2020.

18 **Impact of COVID-19 Pandemic**

With the recent and rapid development of the COVID-19 outbreak, many countries have required entities to limit or suspend business operations and implemented travel restrictions and quarantine measures. As a quarantine measure, a country wide lockdown was announced in India from March 25, 2020. This resulted in a shutdown of the factory and operations of the Company for 15 days until it obtained the government approval to reopen factory. 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. For this assessment, Management believes that it has taken into account all the possible impact of known events arising from 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.

For and on behalf of the Board of Directors

S. DEKA	N. K. JASPER	P. WALI
Director	Director	Chairman
Mangaldai	Bengaluru	Bengaluru

SAVITHA BAI S.
Manager & Company Secretary

Bengaluru, 5th June, 2020

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, 2020.

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 for machines, during the year, remained muted due to sluggish demand for capital investments arising out of subdued consumer sentiments, excess capacity in FMCG and Pharmaceutical industries and stiff competition from national and regional players. The business during the last quarter was also impacted due to uncertainties arising out of COVID-19 pandemic. Your Company's Revenue from Operations for the year stood at ₹ 1232.86 lakhs (previous year: ₹967.92 lakhs). The Net Profit for the year was ₹ 7.02 lakhs (previous year ₹ 3.73 lakhs) and the Total Comprehensive Income was ₹ 5.58 lakhs (previous year: ₹ 5.98 lakhs).

During the year, the Company, in order to meet its working capital requirements and business needs, issued 5,00,000, 9% Cumulative Preference Shares of ₹ 100/- each, aggregating ₹ 5 crores, to ITC Limited, the Holding Company. Consequently, the Paid-up Preference Share Capital of the Company as on 31st March, 2020 stood at ₹ 5 crores.

Further, the Shareholders of the Company on 21st March, 2020, through postal ballot and e-voting 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, in lieu of payment not exceeding ₹ 1/- per share to such Shareholders. The aforesaid reduction of Equity Share Capital is subject to confirmation by the National Company Law Tribunal, Mumbai Bench, and other applicable authority (ies).

Your Company continues to focus on developing superior solutions towards addressing customer requirements.

3. **DIVIDEND**

In view of the accumulated losses, your Directors are unable to recommend any dividend for the year under review.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(a) **Changes in Directors and Key Managerial Personnel during the year**

During the year under review, Mr. Rajesh Poddar (DIN: 00297605), stepped down as Non-Executive Director of your Company with effect from close of work on 6th November, 2019. Your Directors place on record their appreciation for the contribution made by Mr. Poddar during his tenure.

The Board of Directors of your Company ('the Board'), on the recommendation of the Nomination and Remuneration committee ('the Committee'), appointed Ms. Nidhi Bajaj (DIN: 02171721) as an Additional Director of the Company with effect from 30th December, 2019. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 119 of the Articles of Association of the Company, Ms. Nidhi Bajaj 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 meeting held on 9th June, 2020, on the recommendation of the Committee, recommended for the approval of the Members, appointment of Ms. Bajaj 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 Ms. Bajaj, who has filed her consent to act as a Director of your Company, if appointed. Appropriate resolution seeking your approval to Ms. Bajaj's appointment is appearing in the Notice convening the ensuing AGM of the Company.

Messrs. Subhatosh Banerjee (DIN: 07081375) and Partho Chatterjee (DIN:00042208), Independent Directors of your Company, completed their present terms on 3rd February, 2020. The Board at the meeting held on 30th December, 2019, on the recommendation of the Committee, appointed Messrs. Banerjee and Chatterjee, who have the required integrity, expertise and experience, as Additional Directors, and subject to the approval of the Members, also as Independent Directors of the Company with effect from 4th February, 2020, in terms of Section 149 read with Schedule IV of the Act.

The Members through postal ballot and e-voting, by way of special resolutions approved their re-appointments as Independent Directors for a period of two years with effect from 4th February, 2020.

During the year under review, there was no change in the Key Managerial Personnel of the Company.

(b) **Declaration of Independence by Independent Directors**

The Independent Directors of your Company have confirmed that they meet the criteria of Independence as prescribed under Section 149 of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and have included their names in the data bank of Independent Directors, as required under the said Rules.

(c) **Attributes, qualifications and appointment of Directors**

As reported in earlier years, the attributes and qualifications of the Independent Directors provided in Section 149 of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 were adopted by the Nomination and Remuneration Committee. The said attributes and qualifications, as applicable, were also adopted in respect of the other Directors.

All the Directors of the Company are appointed by the Board based on the recommendation of the Nomination and Remuneration Committee; this Committee reviews the fit and proper status of the Directors. Two of the Non-Executive Directors, including the Chairman, are executives of ITC Limited, the Holding Company. All the Directors, other than the Independent Directors and the Managing Director, are liable to retire by rotation and one-third of them retire every year and are eligible for re-election.

(d) **Retirement by Rotation**

In accordance with the provisions of Section 152 of the Act read with Article 131 of the Articles of Association of the Company, Mr. D. Dutta (DIN: 00078772), Director, will retire by rotation at the ensuing AGM of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

(e) **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**

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

Audit Committee	Nomination and Remuneration Committee
Mr. P. Chatterjee (Chairman)	Mr. P. Chatterjee (Chairman)
Mr. S. Banerjee	Mr. S. Banerjee
Mr. R. Senguttuvan	Mr. D. Dutta
	Mr. R. Tandon

Securityholders Relationship Committee

Ms. N. Bajaj (Chairperson)
Mr. D. Dutta
Mr. R. Senguttuvan

Six meetings of the Board were held during the year ended 31st March, 2020.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

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

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

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

7. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

8. **PARTICULARS OF EMPLOYEES**

The 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, 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 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 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 have arisen due to the still unfolding 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 ensure that such systems are reinforced on an ongoing basis.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2020, 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 transactions of the Company in the prescribed Form No. 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. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 4** to this Report.

15. COST RECORDS

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

16. STATUTORY AUDITORS

Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), were re-appointed as the 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, on the recommendation of the Audit Committee, has recommended for the approval of the Members, remuneration of DHS for the financial year 2020-21. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

17. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's operations do not involve substantial consumption of power in comparison to the costs of production. However, the Company takes due care to efficiently utilise and manage energy resources resulting in cost savings for the Company. The Company continuously works on productivity improvements during fabrication and assembly of machinery for various customers.

There was no new technology adopted by the Company during the year.

During the year under review, the Company earned foreign exchange of ₹169.30 lakhs, while the total outflow of foreign exchange was ₹9.15 lakhs.

19. ACKNOWLEDGEMENT

The Board acknowledges the support of the Government, shareholders, banks, customers, suppliers and business associates and the dedication and hard work of its employees.

On behalf of the Board

	R. Tandon	**R. Senguttuvan**
Date: 9th June, 2020	Chairman	Managing Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2020

Remuneration Policy

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.

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 Managing / Wholetime Directors, Key Managerial Personnel and Senior Management

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.

Remuneration of Non-Executive Directors

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.

Remuneration of Management Staff

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.

Remuneration of Non-Management Staff

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.

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2020

[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*	34	Chief Financial Officer	45,58,742 /-	28,98,529/-	B.Com., A.C.A.	10	01.07.2017	Assistant Manager (Finance)- ITC Ltd.
S.V.Limaye	54	Vice President	29,47,783/-	19,75,341/-	B.E. (Prodn.), P.G.P.M.	27	04.01.2006	Deputy General Manager – Cosmo Films Limited
P. P. Dakhole	45	Manager – Design	11,87,081/-	10,34,667/-	B. E.(Mechanical)	13	15.07.2016	Manager Design – ASB International Pvt. Ltd.
Y. V. Potdar	43	Manager - Purchase	8,32,177 /-	7,50,415/-	Diploma in Mechanical Engineering	21	13.08.2018	Factory Head - Wraptech Pvt. Ltd.
V. S. Jadhav	46	Manager – Accounts	7,11,098/-	6,18,501/-	B.Com	24	05.02.2006	Accounts Assistant – Fudkor India Pvt. Ltd.
G. S. Patil	33	Manager – Service	5,76,420/-	5,48,000/-	B.E. (Instruments)	11	17.07.2017	Service Engineer - Sipa India Pvt. Ltd.
J. K. Singh	34	Asst. Manager – Service	5,02,087/-	4,61,851/-	B. E. (Electronics & Telecommunication)	11	01.12.2013	Engineer - Suzlon Energy Limited
A. K. Dhule	34	Production Manager	4,94,799/-	4,59,613/-	B. E. Mechanical	9	01.11.2018	Production Engineer – Dalal Engineering Pvt. Ltd.
K. Sudhanshu	34	Sales Manager	4,88,604/-	4,63,064/-	B. Tech, Post Graduate diploma in Marketing Management	8	14.04.2015	Sales Engineer – Memory Repro Systems Pvt. Ltd.
A. H. Mendon	56	Manager – IT	5,33,402/-	4,42,291/-	B. Sc., P.G.D.B.A	32	18.09.1995	System Analyst – Lateral Management Computer Consultants

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

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, health & education cess 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) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the Chief Financial Officer of the Company 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 grant have not been considered as remuneration.

(d) All appointments (except deputed employees) are contractual in accordance with terms and conditions as per 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 : 9th June, 2020 **R. Senguttuvan** Managing Director

Annexure 3 to the Report of the Board of Directors for the financial year ended 31st March, 2020

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, 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 - ₹ 556.96 lakhs
e)	Date(s) of approval by the Board, if any	–
f)	Amount paid as advances, if any	Nil

On behalf of the Board

R. Tandon Chairman

Dated : 9th June, 2020 **R. Senguttuvan** Managing Director

Annexure 4 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	U24291MH1923PLC001082
ii)	Registration Date	:	7th September, 1923
iii)	Name of the Company	:	Wimco Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	Indian Mercantile Chambers R. Kamani Marg, Ballard Estate Mumbai – 400001 Phone: 022-4366 3333 Fax: 022-2269 2228 e-mail ID: wimcolimited3@gmail.com
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	The Company provides share registration and related servicesin-house.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the product/ service	% to total turnover of the Company
1.	Fabrication and assembly of machinery for tube filling, cartoning, wrapping, material handling, conveyor solutions and engineering services.	28199	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House, 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	98.21%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	18,50,81,193	–	18,50,81,193	98.21	18,50,81,193	–	18,50,81,193	98.21	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**18,50,81,193**	**-**	**18,50,81,193**	**98.21**	**18,50,81,193**	**-**	**18,50,81,193**	**98.21**	**Nil**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**18,50,81,193**	–	**18,50,81,193**	**98.21**	**18,50,81,193**	–	**18,50,81,193**	**98.21**	**Nil**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	4,844	4,844	0.00	–	4,844	4,844	0.00	Nil
b) Banks / FI	4,627	10,750	15,377	0.01	4,627	10,380	15,007	0.01	–
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	1,550	1,550	0.00	–	1,550	1,550	0.00	Nil
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1)	**4,627**	**17,144**	**21,771**	**0.01**	**4,627**	**16,774**	**21,401**	**0.01**	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	63,690	21,671	85,361	0.05	62,764	21,671	84,435	0.05	0.00
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	15,97,089	16,34,188	32,31,277	1.71	15,94,184	16,32,133	32,26,317	1.71	0.00
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)									
- Non Resident Indians	29,538	10,860	40,398	0.02	35,794	10,860	46,654	0.02	0.00
Sub-total (B)(2)	**16,90,317**	**16,66,719**	**33,57,036**	**1.78**	**16,92,742**	**16,64,664**	**33,57,406**	**1.78**	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**16,94,944**	**16,83,863**	**33,78,807**	**1.79**	**16,97,369**	**16,81,438**	**33,78,807**	**1.79**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	**18,67,76,137**	**16,83,863**	**18,84,60,000**	**100.00**	**18,67,78,562**	**16,81,438**	**18,84,60,000**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	18,50,81,193	98.21	Nil	18,50,81,193	98.21	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Rajdev Singh**				
	At the beginning of the year	30,100	0.02		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			30,100	0.02
2.	**Sardar Gur Bachan Singh**				
	At the beginning of the year	13,710	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			13,710	0.01

Sl. No.	For each of the Top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
3.	**Biren Dolatrai Nayak**				
	At the beginning of the year	13,300	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			13,300	0.01
4.	**Prakash T. Tulsiani**				
	At the beginning of the year	12,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			12,000	0.01
5.	**MSPL Limited**				
	At the beginning of the year	12,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–-	N.A.
	At the end of the year			12,000	0.01
6.	**Mathura Nath Banerjee**				
	At the beginning of the year	11,250	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			11,250	0.01
7.	**Sardar Paramjit Singh**				
	At the beginning of the year	10,230	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			10,230	0.01
8.	**Cawas Mistry**				
	At the beginning of the year	10,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			10,000	0.01
9.	**S. Rajdev Singh**				
	At the beginning of the year	10,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			10,000	0.01
10.	**Rishra Investments Limited**				
	At the beginning of the year	10,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	–	N.A.	–	N.A.
	At the end of the year			10,000	0.01

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors and Key Managerial Personnel hold any share in the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹ in Lakhs)

	Secured Loans excluding deposits *	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	185.53	--	--	185.53
(ii) Interest due but not paid	--	--	--	--
(iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	**185.53**	--	--	**185.53**
Change in Indebtedness during the financial year				
- Addition	--	--	--	--
- Reduction	(182.89)	--	--	(182.89)
Net Change	**(182.89)**	--	--	**(182.89)**
Indebtedness at the end of the financial year				
(i) Principal Amount	2.64	--	--	2.64
(ii) Interest due but not paid	-	--	--	-
(iii) Interest accrued but not due	-	--	--	-
Total (i+ii+iii)	**2.64**	--	--	**2.64**

Note: Although as per Indian Accounting Standards, Preference Share Capital of ₹ 5 Crores has been treated as Borrowings in the Balance Sheet but since the same is not in the nature of secured / unsecured loan, it has not considered in the computation of indebtedness stated above.

* Refer'Note 10 – Borrowings' to the Financial Statements forming part of the Report and Accounts.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and/or Manager:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	R. Senguttuvan (Managing Director) *(refer Note 1)*
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–
Total Amount (A)		–
Ceiling as per the Companies Act, 2013		₹ 60 Lakhs per annum *(refer Note 2)*

Note 1: ITC Limited (ITC) has deputed the services of Mr. R. Senguttuvan to the Company without levy of any charge. Accordingly, Mr. Senguttuvan's remuneration for the financial year ended 31st March, 2020 has been borne by ITC.

Note 2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2020 are inadequate.

B. Remuneration to other Directors:

(₹ in Lakhs)

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Independent Directors' Meeting Fee	
1.	**Independent Directors**				
	S. Banerjee	1.30	Nil	0.10	1.40
	P. Chatterjee	1.20		0.10	1.30
	Total Amount (B)(1)	**2.50**		**0.20**	**2.70**
2.	**Other Non-Executive Directors**				
	N. Bajaj	Nil	Nil	Nil	Nil
	C. R. Dua	0.20			0.20
	D. Dutta	0.90			0.90
	R. Tandon	Nil			Nil
	Total Amount (B)(2)	**1.10**	**Nil**	**Nil**	**1.10**
Total Amount (B) = (B)(1) + (B)(2)					**3.80**
Total Managerial Remuneration (A + B)					**3.80**
Overall ceiling as per the Companies Act, 2013					₹ 60 Lakhs per annum *(refer Note)*

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2020 are inadequate.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	S. K. Sipani (Company Secretary) (refer Note 1)	S. Mundra (Chief Financial Officer) (refer Note 2)
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	-	43.06
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	8.53
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - as % of profit - others, specify	–	–
5.	Others, please specify	–	–
Total Amount		–	**51.59**

Note 1: ITC Limited (ITC) has deputed the services of Mr. S. K. Sipani to the Company without levy of any charge. Accordingly, Mr. Sipani's remuneration for the financial year ended 31st March, 2020 has been borne by ITC.

Note 2: Mr. S. Mundra is on deputation from ITC and has been granted Employee Stock Appreciation Linked Reward Units (ESAR Units) by ITC under its Stock Appreciation Linked Reward Plan. Since these ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Units, and accordingly the said grant has not been considered as remuneration.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013: None

On behalf of the Board

R. Tandon Chairman

R. Senguttuvan Managing Director

Date: 9th June, 2020

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 2020, 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 2020, 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 there under, 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 mis statement when it exists. Mis statements 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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.
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.302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN : 20209252AAAAFS2666

Place: Chennai
Date :June 09, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' 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, 2020 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, 2020, 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 : 20209252AAAAFS2666

Place: Chennai
Date : June 09, 2020

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)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and equipment.

(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) According to the information and explanations given to us and the records examined by and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed during physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits outstanding at any time during the year.

(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 been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Good and Service Tax which have not been deposited as on 31 March 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where the dispute is pending	Period to which amount relates	Amount involved (in Lakhs)	Amount Unpaid (in Lakhs)
The Central Goods and Service Tax Act, 2017	Goods and Service tax	Additional Commissioner (Appeal)	Dec 2019	16.69	15.85

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures.

(ix) 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 (ix) of the order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided managerial remuneration prescribed under section 197 read with Schedule V to the Companies Act, 2013 and hence reporting under clause (xi) of the order is not applicable to the Company.

(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 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) According to the information and explanations given to us, the Company has made private placement of preferential shares during the year under review.

In respect of the above issue, we further report that:

a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

(b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.

The Company has not made any preferential allotment of shares or fully or partly convertible debentures during the year under review.

(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) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)
UDIN : 20209252AAAAFS2666

Place: Chennai
Date :June 09, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

	Note		As at 31st March, 2020 (₹ in Lakhs)		As at 31st March, 2019 (₹ in Lakhs)
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	1A		66.17		72.88
(b) Intangible assets	1B		8.13		11.77
(c) Deferred Tax Assets (net)	2		–		-
(d) Other non-current assets	3		59.47		25.34
Total Non-current assets			133.77		109.99
Current assets					
(a) Inventories	4		198.09		235.01
(b) Financial Assets					
(i) Investments	5	342.82			
(ii) Trade receivables	6	122.14		102.78	
(iii) Cash and cash equivalents	7	100.16		2.61	
(iv) Other Bank Balance	8	16.87	581.99	4.49	109.88
(c) Other current assets	3		103.61		234.53
Total Current assets			883.69		579.42
Total Assets			1,017.46		689.41
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	9	1,884.60		1,884.60	
(b) Other Equity		(1,898.81)	(14.21)	(1,908.74)	(24.14)
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	10		500.00		-
(ii) Other Financial Liabilities	11		0.34		0.86
(b) Provisions	12		12.10		9.88
Total Non-current liabilities			512.44		10.74
Current liabilities					
(a) Financial Liabilities					
(i) Borrowings	10	2.64		185.53	
(ii) Trade payables					
Total outstanding dues of Micro Enterprises and Small Enterprises					
Total outstanding other than dues of Micro Enterprises and Small Enterprises		355.09		404.63	
(iii) Other financial liabilities	11	25.93	383.66	19.56	609.72
(b) Other current liabilities	13		134.91		91.69
(c) Provisions	12		0.66		1.40
Total Current liabilities			519.23		702.81
Total Equity and Liabilities			1,017.46		689.41

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 : 9th June, 2020

For and on behalf of the Board

RAJIV TANDON
Chairman
Place : Kolkata
Date : 9th June, 2020

R SENGUTTUVAN
Managing Director
Place : Chennai
Date : 9th June, 2020

S K SIPANI
Company Secretary
Place : Chennai
Date : 9th June, 2020

SHARAD MUNDRA
Chief Financial Officer
Place : Chennai
Date : 9th June, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

		Note	For the year ended March 31, 2020 (₹ in Lakhs)	For the year ended March 31, 2019 (₹ in Lakhs)
I	Revenue From Operations	14	**1,232.86**	967.92
II	Other Income	15	**16.53**	2.14
III	**Total Income (I+II)**		**1,249.39**	970.06
IV	**EXPENSES**			
	Cost of materials consumed		**658.61**	400.63
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress		**(22.58)**	11.21
	Employee benefits expense	16	**245.18**	241.25
	Finance costs	17	**28.52**	22.36
	Depreciation and amortization expense	1	**10.35**	9.74
	Other expenses	18	**322.29**	269.05
	Total expenses (IV)		**1,242.37**	954.24
V	**Profit before tax (III- IV)**		**7.02**	15.82
VI	**Tax expense**	19	**–**	12.09
VII	**Profit for the period/year (V-VI)**		**7.02**	3.73
VIII	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss:			
	- Remeasurements of defined benefit plans		**(1.44)**	2.25
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
IX	**Other Comprehensive Income**		**(1.44)**	2.25
X	**Total Comprehensive Income for the period/year (VII+IX)**		**5.58**	5.98
XI	**Earnings per equity share (Face Value ₹ 1.00 each)**	20		
	Basic (in ₹)		**–**	–
	Diluted (in ₹)		**–**	–

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 : 9th June, 2020

R SENGUTTUVAN
Managing Director
Place : Chennai
Date : 9th June, 2020

S K SIPANI
Company Secretary
Place : Chennai
Date : 9th June, 2020

SHARAD MUNDRA
Chief Financial Officer
Place : Chennai
Date : 9th June, 2020

Place : Chennai
Date : 9th June, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

	For the year ended March 31, 2020 (₹ in Lakhs)	For the year ended March 31, 2019 (₹ in Lakhs)
A. Cash flow from operating activities		
Profit / (Loss) before Tax	7.02	15.82
Adjustments for:		
Depreciation and amortisation Expense	10.35	9.74
Finance Cost	28.52	22.36
Interest Income	(1.82)	(0.44)
Doubtful and Bad debts	14.00	10.57
Remeasurement of Defined Benefit Plans	(1.44)	2.25
Share Based Payments	4.35	10.70
Net (gain)/loss arising on investments mandatorily measured at fair value through profit or loss	(2.82)	-
Operating Profit/(loss) before working capital changes	58.16	71.00
Adjustments for:		
Trade receivables	(33.36)	26.24
Other Current and Non Current Assets	96.79	21.68
Inventories	36.92	38.00
Trade Payables, Other Financial Liabilities & Provisions	(14.35)	(75.58)
Cash (used in) / generated from operations before taxation	144.16	81.34
Income tax paid (net of refunds)	–	–
Net cash (used in) / generated from operations	144.16	81.34
B. Cash flow from investing activities		
Purchase of Property Plant and Equipment	–	(10.05)
Interest Received	1.82	0.44
Investment in Mutual Fund	(340.00)	
Maturity /(Investment) in bank deposit (original maturity more than 3 months)	(12.39)	(0.44)
Net cash (used in) / generated from investing activities	(350.57)	(10.05)
C. Cash flow from financing activities		
Interest Paid	(13.15)	(22.36)
Issue of Redeemable Preference share	500.00	-
Net cash (used in) / generated from financing activities	486.85	(22.36)
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	280.44	48.93
E. Reconciliation		
Cash and cash equivalents at the beginning of the period	(182.92)	(231.85)
Cash and cash equivalents at the end of the period	97.52	(182.92)
	280.44	48.93
Cash and cash equivalents		
Cash and cash equivalents as above	97.52	(182.92)
Cash Credit Facility (Note 10)	2.64	185.53
Cash and Cash Equivalent (Note 7)	100.16	2.61

Note : The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 - "Statement of Cash Flow"

The accompanying notes 1 to 26 are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

For and on behalf of the Board

ANANTHI AMARNATH
Partner

RAJIV TANDON
Chairman
Place : Kolkata
Date : 9th June, 2020

R SENGUTTUVAN
Managing Director
Place : Chennai
Date : 9th June, 2020

S K SIPANI
Company Secretary
Place : Chennai
Date : 9th June, 2020

SHARAD MUNDRA
Chief Financial Officer
Place : Chennai
Date : 9th June, 2020

Place : Chennai
Date : 9th June, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. Equity Share Capital (₹ in Lakhs)

Balance at 1st April, 2018	**1,884.60**
Issue of equity shares	–
Balance at 31st March, 2019	**1,884.60**
Issue of equity shares	–
Balance at 31st March, 2020	**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, 2018	14.93	62.47	(2,002.82)	(1,925.42)
Profit for the year	–	–	3.73	3.73
Other Comprehensive Income (net of tax)	–	–	2.25	2.25
Total Comprehensive Income	–	–	5.98	5.98
Recognition of share based payment	–	10.70	–	10.70
Balance as at 31st March, 2019	14.93	73.17	(1,996.84)	(1,908.74)
Profit for the year	–	–	**7.02**	**7.02**
Other Comprehensive Income (net of tax)	–	–	(1.44)	(1.44)
Total Comprehensive Income	–	–	**5.58**	**5.58**
Recognition of share based payment	–	4.35	–	4.35
Balance as at 31st March, 2020	**14.93**	**77.52**	**(1,991.26)**	**(1,898.81)**

* 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 : 9th June, 2020

For and on behalf of the Board

RAJIV TANDON
Chairman

Place : Kolkata
Date : 9th June, 2020

R SENGUTTUVAN
Managing Director

Place : Chennai
Date : 9th June, 2020

S K SIPANI
Company Secretary

Place : Chennai
Date : 9th June, 2020

SHARAD MUNDRA
Chief Financial Officer

Place : Chennai
Date : 9th June, 2020

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	Gross Block							Depreciation and Amortisation					Net Book Value	
	As at 1st April, 2018	Additions	Disposals	As at 31st March, 2019	Additions	Disposals	**As at 31st March, 2020**	Upto 1st April, 2018	For the year	Upto 31st March, 2019	For the period	**Upto 31st March, 2020**	**As at 31st March, 2020**	As at 31st March, 2019
1A. Property, plant and equipment - owned														
Land Freehold	47.92	–	–	47.92	–	–	47.92	–	–	–	–	–	**47.92**	47.92
Buildings	3.74	6.89	–	10.63	–	–	10.63	1.78	0.09	1.87	0.25	**2.12**	**8.51**	8.76
Plant and Equipment	6.19	–	–	6.19	–	–	6.19	1.68	0.53	2.21	0.50	**2.71**	**3.48**	3.98
Computers	20.60	–	–	20.60	–	–	20.60	9.94	3.98	13.92	4.22	**18.14**	**2.46**	6.68
Office Equipment	2.49	3.16	–	5.65	–	–	5.65	1.65	0.52	2.17	0.82	**2.99**	**2.66**	3.48
Furniture and Fixtures	3.38	–	–	3.38	–	–	3.38	2.34	0.17	2.51	0.09	**2.60**	**0.78**	0.87
Vehicles	4.51	–	–	4.51	–	–	4.51	2.49	0.83	3.32	0.83	**4.15**	**0.36**	1.19
Total	**88.83**	**10.05**	–	**98.88**	–	–	**98.88**	**19.88**	**6.12**	**26.00**	**6.71**	**32.71**	**66.17**	**72.88**
1B. Intangible Assets														
Computer Software	18.12	-	-	18.12	-	-	**18.12**	2.73	3.62	6.35	3.64	**9.99**	**8.13**	11.77
Total	**18.12**	-	-	**18.12**	-	-	**18.12**	**2.73**	**3.62**	**6.35**	**3.64**	**9.99**	**8.13**	**11.77**
Grand Total	**106.95**	**10.05**	-	**117.00**	-	-	**117.00**	**22.61**	**9.74**	**32.35**	**10.35**	**42.70**	**74.30**	**84.65**

	As at 31st March, 2020 (₹ in Lakhs)	As at 31st March, 2019 (₹ in Lakhs)
2. Deferred tax Assets (Net)		
Deferred tax liabilities		
On difference between book balance and tax balance of Property, Plant & Equipment	**0.29**	1.18
On other timing differences	**0.71**	–
Sub-Total	**1.00**	1.18
Deferred tax assets		
Unabsorbed depreciation carried forward	**31.41**	35.27
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	**4.07**	3.88
Provision for doubtful debts, advances and dimnution in value of Investments.	**6.18**	2.75
Brought forward business losses	**108.60**	156.32
Sub-Total	**150.26**	198.22
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 ₹ 431.51 Lakhs (2019 - ₹ 601.24 lakhs) for which no deferred tax assets have been recognised. These losses will expire between financial year 2020-21 to 2026-27.

	As at 31st March, 2020 (₹ in Lakhs)		As at 31st March, 2019 (₹) in Lakhs)	
	Current	**Non-Current**	Current	Non-Current
3. Other Assets				
Advances other than capital advances				
(i) Advance Tax (net of provisions)	**–**	**59.47**	–	25.34
(ii) Other Advances (including advances with statutory authorities, prepaid expenses, suppliers, employees etc.)				
Unsecured - considered good	**103.61**	**–**	234.53	–
TOTAL	**103.61**	**59.47**	234.53	25.34

	As at 31st March, 2020 (₹ in Lakhs)	As at 31st March, 2019 (₹ in Lakhs)
4. Inventories		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	**82.29**	141.79
Work-in-progress	**115.80**	93.22
TOTAL	**198.09**	235.01

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2020 (₹ in Lakhs)	As at 31st March, 2019 (₹ in Lakhs)
5. Current Investments		
(at fair value through profit or loss, unless stated otherwise)		
INVESTMENT IN MUTUAL FUNDS		
Nippon India Liquid Fund - Dir - Growth	342.82	–
7,067 (2019 - NIL) units of ₹ 1000 each		
TOTAL	342.82	–
6. Trade Receivables (Current)		
Trade Receivables considered good - Secured	–	–
Trade Receivables considered good - Unsecured	122.14	102.78
Trade Receivables - Credit impaired	24.57	10.57
Less: Allowance for doubtful receivables	24.57	10.57
TOTAL	122.14	102.78
7. Cash and cash equivalents@		
Balances with Banks		
Current Accounts	0.12	2.45
In deposit Accounts	100.00	–
Cash on hand	0.04	0.16
TOTAL	100.16	2.61

@ 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, 2020 (₹ in Lakhs)	As at 31st March, 2019 (₹ in Lakhs)
8. Other Bank Balances		
In deposit Accounts*	16.87	4.49
TOTAL	16.87	4.49

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

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹ in Lakhs)	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹ in Lakhs)
9. Share capital				
Authorised				
35,00,00,000 (2019: 35,00,00,000) Equity shares of ₹ 1 (2019: ₹ 1) each [see note (D)below]	35,00,00,000	3,500.00	35,00,00,000	3,500.00
1,13,00,000 (2019: 1,13,00,000) Redeemable preference shares of ₹ 100 each	1,13,00,000	11,300.00	1,13,00,000	11,300.00
Total	36,13,00,000	14,800.00	36,13,00,000	14,800.00
Issued, Subscribed & Paid up*				
18,84,60,000 (2019: 18,84,60,000) Equity shares of ₹ 1 (2019: ₹ 1) each [see note (D) below]	18,84,60,000	1,884.60	18,84,60,000	1,884.60
*See Note 10 for Redeemable preference shares issued				
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	–	–	–	–
As at end of the period	18,84,60,000	1,884.60	18,84,60,000	1,884.60

B) Shareholders held by Holding Company

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 %	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %
Equity Shares				
18,50,81,193 (2019: 18,50,81,193) Equity shares of ₹ 1 each, fully paid up are held by ITC Limited (Holding Company)	18,50,81,193	98.21	18,50,81,193	98.21

C) Name of share holders holding more than 5% of the shares of the Company

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 %	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %
Equity Shares				
ITC Limited (Holding Company)	18,50,81,193	98.21	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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2020 (₹ in Lakhs) Current	Non-Current	As at 31st March, 2019 (₹) in Lakhs) Current	Non-Current
10. Borrowings				
Secured				
Loan from Bank				
Cash credit facility*	**2.64**	–	185.53	–
Unsecured				
9% Redeemable Preference share capital of ₹ 100 each#	–	**500.00**	–	–
TOTAL	**2.64**	**500.00**	185.53	–

* 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.

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 redeem able 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, 2020 (₹ in Lakhs) Current	Non-Current	As at 31st March, 2019 (₹) in Lakhs) Current	Non-Current
11. Other Financial liabilities				
Employee Benefits Payable	**7.07**	–	17.03	–
Payable to the Holding Company	**3.49**	**0.34**	2.53	0.86
Provision for Preference Share dividend	**15.37**	–	–	–
TOTAL	**25.93**	**0.34**	19.56	0.86

	As at 31st March, 2020 (₹ in Lakhs) Current	Non-Current	As at 31st March, 2019 (₹) in Lakhs) Current	Non-Current
12. Provisions				
Provision for employee benefits				
Retirement benefits	**0.66**	**12.10**	1.40	9.88
TOTAL	**0.66**	**12.10**	1.40	9.88

	As at 31st March, 2020 (₹ in Lakhs)	As at 31st March, 2019 (₹ in Lakhs)
13. Other Current Liabilities		
Statutory Liabilities	**21.18**	28.86
Advances received from customers	**107.13**	57.74
Others	**6.60**	5.09
TOTAL	**134.91**	91.69

	For the year ended 31st March, 2020 (₹ in Lakhs)	For the year ended 31st March, 2019 (₹ in Lakhs)
14. **Revenue from operations**		
Sale of Products	**821.35**	664.53
Sale of Services	**411.40**	303.02
Gross Revenue from sale of products and services	**1,232.75**	967.55
Other Operating Revenues	**0.11**	0.37
TOTAL	**1,232.86**	967.92
15. Other income		
Other non-operating income	**14.17**	0.44
Net Foreign Exchange Gain / (Loss)	**(0.46)**	1.70
Other gains and losses	**2.82**	–
TOTAL	**16.53**	2.14
Other gains and losses:		
Net gain arising on financial assets (Current investments) mandatorily measured at FVTPL*	**2.82**	–
TOTAL	**2.82**	–

* Includes ₹ NIL (2019 - ₹ NIL) being net gain on sale of investments.

16. Employee benefits expense		
Salaries and wages	**216.23**	200.38
Contribution to Provident and other funds	**9.00**	12.74
Share based payment	**3.84**	11.56
Staff welfare expenses	**16.11**	16.57
TOTAL	**245.18**	241.25
17. Finance costs		
Interest expense	**13.15**	22.36
Preference Dividend	**15.37**	–
TOTAL	**28.52**	22.36

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2020 (₹ in Lakhs)	For the year ended 31st March, 2019 (₹ in Lakhs)
18. Other Expenses		
Consumption of stores and spare parts	0.20	0.08
Sub-Contracting Expenses	69.58	46.34
Power and fuel	12.14	11.75
Repairs and Maintenance		
- Buildings	11.50	8.06
- Machinery	0.03	0.00
- Others	4.07	2.13
Rates and taxes	8.96	2.50
Insurance	1.50	1.88
Maintenance and upkeep	20.92	17.56
Travelling and conveyance	69.31	54.31
Printing and stationery	6.83	6.65
Freight and forwarding	17.82	10.00
Advertising and sales promotion charges	26.14	20.96
Bank charges	1.05	0.22
Information technology services	1.35	1.13
Training and development	1.42	-
Professional fees	26.33	37.31
Postage and telephone charges	5.18	5.58
Directors' sitting fees	3.80	3.90
Doubtful and Bad debts	14.00	10.57
Miscellaneous expenses	20.16	28.12
TOTAL	322.29	269.05
Miscellaneous expenses include :		
1) Auditors' remuneration and expenses		
Audit fees	1.75	1.50
Tax audit fees	1.00	1.00
Others	0.50	–
19. Tax Expenses		
Current Tax		
Adjustments related to previous years	–	12.09
TOTAL	–	12.09
20. Earnings per share		
Profit/ (Loss) after tax, attributable to equity shareholders (A)	7.02	3.73
Weighted average number of Equity Shares (B)	18,84,60,000	18,84,60,000
Earnings per share - Basic & Diluted (in ₹) (A / B)	–	–
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 (₹ in Lakhs)

	2020	2019
1. Segment Revenue		
- Within India	1068.16	929.49
- Outside India	164.59	38.06
Total	1232.75	967.55
2. Non Current Assets		
- Within India	133.77	109.99
- Outside India	–	–
TOTAL	133.77	109.99

Note : Revenue of ₹ 556.96 lakhs (2019 : ₹ 376.49 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 FINANCIAL STATEMENTS (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	Non-Executive Director
D. Dutta	Non-Executive Director
C.R. Dua	Non-Executive Director
S. Banerjee	Independent Director
P. Chatterjee	Independent Director
R. Poddar	Non-Executive Director (upto 06-11-2019)
N. Bajaj	Non-Executive Director (w.e.f. 30-12-2019)
R. Senguttuvan *	Managing Director
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 31.03.2020

(₹ in Lakhs)

	RELATED PARTY TRANSACTIONS SUMMARY	Holding Company		Key Management Personnel		Total	
		ITC Limited					
		2020	2019	**2020**	2019	**2020**	2019
1	Sale of Goods/ Services	**657.22**	444.26	**-**	-	**657.22**	444.26
2	Purchase of Goods/ Services	**-**	0.15	**-**	-	**-**	0.15
3	Expenses Recovered	**211.00**	231.36	**-**	-	**211.00**	231.36
4	Preference dividend	**15.37**	-	**-**	-	**15.37**	-
5	Share Based Payments* Equity Settled Share Based Payments - Capital Contribution Cash Settled Share Based Payemnts - Other Payables	**-** **4.35** **(0.51)**	- 10.70 0.86	 **-** **-**	 - -	 **4.35** **(0.51)**	 10.70 0.86
6	Remuneration of Key Management Personeel on Deputation reimbursed * Other Remuneration	**45.59**	36.07	**-**	-	**45.59**	36.07
7	Issue of Redeemable Preference Share	**500.00**	-	**-**	-	**500.00**	-
8	Director's Sitting Fees	**-**	-	**3.80**	3.90	**3.80**	3.90
9	Outstanding receivable	**58.35**	-			**58.35**	
10	Outstanding payables	**3.83**	3.39	**-**	-	**3.83**	3.39
11	Advance Outstanding	**-**	2.89	**-**	-	**-**	2.89
12	Redeemable Preference Share Outstanding	**500.00**	-	**-**	-	**500.00**	-
13	Interest accrued but not due - Preference Share	**15.37**	-	**-**	-	**15.37**	-

* Post employment benefits are actuarially determined on overall basis and hence not separately provided. Further, for share based payments, Refer Note 16

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 ₹ 1884.60 Lakhs and preference shares issued to the holding company of ₹ 500 Lakhs. The Company is not subject to any externally imposed capital requirement.

2. Categories of Financial Instruments

₹ Lakhs

Particulars			Note	As at 31st March, 2020		As at 31st March, 2019	
				Carrying Value	**Fair Value**	Carrying Value	Fair Value
A. Financial assets							
a)	**Measured at amortised cost**						
	i)	Cash and Cash Equivalents	7	**100.16**	**100.16**	2.61	2.61
	ii)	Other Bank Balances	8	**16.87**	**16.87**	4.49	4.49
	iii)	Trade Receivables	6	**122.14**	**122.14**	102.78	102.78
a)	**Measured at Fair Value Through Profit or loss**						
	i)	Investment in Mutual Funds	5	**342.82**	**342.82**	-	-
		Total financial assets		**581.99**	**581.99**	109.88	109.88
B. Financial liabilities							
b)	**Measured at amortised cost**						
	i)	Non – Current Borrowings	10	**500.00**	**500.00**	-	-
	ii)	Cash credit Facility	10	**2.64**	**2.64**	185.53	185.53
	iii)	Trade Payables		**355.09**	**355.09**	404.63	404.63
	iv)	Other financial liabilities	11	**26.27**	**26.15**	20.42	20.27
		Total financial liabilities		**884.01**	**883.89**	610.58	610.43

NOTES TO THE FINANCIAL STATEMENTS (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.

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.

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. 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

₹ Lakhs

Financial Asset	As at 31st March 2020	As at 31st March 2019
USD	9.08	5.35

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.

₹ Lakhs

Particulars	As at 31st March, 2020						
	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	355.09	178.59	79.53	96.97	-	-	355.09
Other Financial Liabilities	26.27	10.56	-	15.37	0.11	0.23	26.27
	381.36	189.15	79.53	112.34	0.11	0.23	381.36

Particulars	As at 31st March, 2019						
	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	404.63	283.03	62.85	58.75	-	-	404.63
Other Financial Liabilities	20.42	19.56	-	-	0.39	0.47	20.42
	425.05	302.59	62.85	58.75	0.39	0.47	425.05

* 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

₹ Lakhs

Particulars	Expected Loss Provision	
	As at 31st March, 2020	As at 31st March, 2019
Opening Balance	10.57	-
Add: Provision made	14.00	10.57
Less: Utilisation for impairment/de recognition	-	-
Closing Balance	24.57	10.57

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 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.

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2020	As at 31st March, 2019
A. Financial assets			
Measured at Fair Value Through Profit or loss			
Investment in Mutual Funds	1	**342.82**	–
Total financial assets		**342.82**	–
B. Financial liabilities			
Measured at amortised cost			
Borrowings	2	**500.00**	–
Total financial liabilities		**500.00**	–

23. **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, 2020 and March 31, 2019. 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) during the year 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, 2020	As at 31st March, 2019
	No. of Options	No. of Options
Outstanding at the beginning of the year	**13,200**	13,200
Add: Corporate Action: Bonus Issue by ITC	-	-
Add: Granted during the year	-	-
Less: Lapsed during the year	-	-
Add / (Less): Movement due to transfer of employees within group	-	-
Less: Exercised during the year	-	-
Outstanding at the end of the year	**13,200**	13,200
Options exercisable at the end of the year	**12,209**	10,476

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 ₹ 4.35 lakhs (2019 : ₹ 10.70 lakhs) towards ITC ESOS and ₹ (0.51) lakhs (2019 : ₹ 0.86 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, ₹ (0.51) Lakhs (2019 - ₹ 0.86) is attributable to the Chief Financial Officer of the Company.

(iii) Cost of inventory recognized as expense during the year amount to ₹ 675.81 Lakhs (2019 - ₹ 426.85 Lakhs).

(iv) Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2020 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

(₹ Lakhs)

			For the year ended 31st March, 2020		For the year ended 31st March, 2019	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	–	**Recognised in Profit or Loss**				
	1	Current Service Cost	3.22	1.32	2.69	0.85
	2	Past Service Cost	-	-	-	-
	3	Net Interest Cost	(1.16)	0.77	(2.09)	0.95
	4	**Total expense recognised in the Statement of Profit and Loss**	**2.06**	**2.09**	**0.60**	**1.80**
	-	**Re-measurements recognised in Other Comprehensive Income**				
	5	(Return) on plan assets (excluding amounts included in Net interest cost)	(2.39)	-	0.50	-
	6	Effect of changes in demographic assumptions	--	-	-	-
	7	Effect of changes in financial assumptions	3.70	0.85	-	-
	8	Changes in asset ceiling (excluding interest income)	-	-	-	-
	9	Effect of experience adjustments	0.74	0.59	(1.65)	(2.25)
	10	Total re-measurements included in OCI	**2.05**	**1.44**	**(1.15)**	**(2.25)**
	11	Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)*	**4.11**	**3.53**	**(0.55)**	**(0.45)**

II			For the year ended 31st March, 2020		For the year ended 31st March, 2019	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
	1	Present Value of Defined Benefit Obligation	59.17	12.76	51.13	11.28
	2	Fair Value of Plan Assets	83.52	-	79.60	-
	3	Status [Surplus/(Deficit)] *	24.35	(12.76)	28.47	(11.28)
	4	**Net Asset/(Liability) recognised in Balance Sheet**	As at 31st March, 2020		As at 31st March, 2019	
			Current	Non Current	Current	Non Current
		- Gratuity	–	–	–	–
		- Leave Encashment	(0.66)	(12.10)	(1.40)	(9.88)

* 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, 2020		For the year ended 31st March, 2019	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
III	**Change in Defined Benefit Obligations (DBO)**					
	1	Present Value of DBO at the beginning of the year	51.13	11.28	52.50	13.64
	2	Current Service Cost	3.22	1.32	2.69	0.85
	3	Interest Cost	3.71	0.77	3.70	0.95
	4	Remeasurement gains / (losses):				
		Effect of changes in demographic assumptions			-	-
		Effect of changes in financial assumptions	3.71	0.85	-	-
		Changes in asset ceiling (excluding interest income)			-	-
		Effect of experience adjustments	0.74	0.59	(1.65)	(2.25)
	5	Curtailment Cost / (Credit)			-	-
	6	Settlement Cost / (Credits)			-	-
	7	Liabilities assumed in business combination			-	-
	8	Exchange difference on foreign plans				
	9	Benefits Paid	(3.34)	(2.05)	(6.11)	(1.91)
	10	Present Value of DBO at the end of the year	59.17	12.76	51.13	11.28

IV	**Best Estimate of Employer's Expected Contribution for the next year**	**As at 31st March, 2020**	As at 31st March, 2019
	- Gratuity	**Nil**	Nil

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	- Leave Encashment	NA	NA

			For the year ended 31st March, 2020		For the year ended 31st March, 2019	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
V	**Change in Fair Value of Assets**					
	1	Plan Assets at the beginning of the year	79.60	–	80.41	–
	2	Asset acquired in Business Combination				
	3	Expected Return on Plan Assets	4.87	–	5.80	–
	4	Remeasurement Gains/(Losses) on plan assets	2.39	–	(0.50)	–
	5	Actual Company Contributions				
	6	Benefits Paid	(3.34)	–	(6.11)	–
		Others				
	7	Plan Assets at the end of the year	83.52	–	79.60	–

VI	Actuarial Assumptions		As at 31st March, 2020	As at 31st March, 2019
			Discount Rate (%)	Discount Rate (%)
	1	Gratuity	6.25%	7.50%
	2	Leave Encashment	6.25%	7.50%
	The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.			

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, 2020		As at 31st March, 2019	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
	1	Present Value of Defined Benefit Obligation	59.17	12.76	51.13	11.28
	2	Fair Value of Plan Assets	83.52	–	79.60	–
	3	Status [Surplus/(Deficit)]	24.35	(12.76)	28.47	(11.28)
	4	Experience Adjustment of Plan Assets [Gain/(Loss)]	2.39	–	(0.50)	–
	5	Experience Adjustment of obligation [(Gain)/Loss]	0.74	0.59	(1.65)	(2.25)

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.			
				₹ Lakhs
			DBO as at 31 March 2020	DBO as at 31 March 2019
	1	Discount Rate + 100 basis points	68.25	59.23
	2	Discount Rate - 100 basis points	76.06	65.95
	3	Salary Increase Rate + 1%	76.40	66.31
	4	Salary Increase Rate – 1%	67.87	58.85

(v) 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.

(vi) Contingent liabilities:

(a) Claims against the Company not acknowledged as debts ₹ 17.01 Lakhs (2019 – NIL), including interest on claims, estimated to be ₹ 0.32 Lakhs (2019 - NIL) for GST disputed by the Company.

(vii) During the year, the Shareholders of the Company on 21st March, 2020 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 aforesaid reduction of Equity Share Capital is subject to confirmation by the National Company Law Tribunal, Mumbai Bench, and other applicable authority(ies). Pending completion of the same, no effect have been given in the financial statements.

(viii) Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, and Companies (Indian Accounting Standards) Second Amendment Rules, 2019; both on 30th March, 2019 notifying:

(i) new Standard Ind AS 116 "Leases' effective 1st April, 2019,

(ii) certain amendments relating to income tax consequences of dividend and uncertainty over income tax treatments in Ind AS 12 "Income Taxes" and

(iii) limited amendments related to accounting for plan amendments, curtailments and settlements in Ind As 19 "Employee Benefits"

There has been no material impact on the financial statements resulting from the implementation of these changes.

(ix) The Company has exercised the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Deferred Tax Liabilities (net) as at 31st March, 2019 have been re-measured.

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 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.
- The Company has considered the possible effects that may arise out of still unfolding COVID-19 pandemic on the carrying amounts of 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 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. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of the financial statements.

25. 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 2020, 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 as the Company has sufficient cash to fund its operations and is gradually returning to profitability.

d) Property, Plant & Equipment and Intangible Assets

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

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realized. The carrying amount of a replaced part is derecognized. All other repairs and maintenance are charged to the statement of Profit & Loss.

Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/ system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

Depreciation or amortization of these assets commences when the assets are ready for their intended use. Depreciation or amortization is calculated in a manner that amortises the cost of the assets less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

Residual values and useful lives are reviewed, and are treated as changes in accounting estimates, at each balance sheet date.

e) Impairment of Assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

k) Foreign Currency Transactions

The Company accounts 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: 9th June, 2020	R SENGUTTUVAN Managing Director Place: Chennai Date: 9th June, 2020
S. K. SIPANI Company Secretary Place: Chennai Date: 9th June, 2020	SHARAD MUNDRA Chief Financial Officer Place: Chennai Date: 9th June, 2020

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

1. Your Directors submit their Report for the financial year ended 31st March, 2020.

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 ₹ 8.36 lakhs (previous year: ₹ 5.20 lakhs) and the Net Profit of the Company was ₹ 0.03 lakhs (previous year Loss: ₹ 0.68 lakhs).

   During the latter part of the financial year, the COVID-19 pandemic and the consequent lockdown posed a formidable 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 in the past, your Directors are unable to recommend any dividend for the year under review.

4. **DIRECTORS**

   (a) <u>Changes in Directors during the year</u>

   During the year under review, there was no change in the composition of the Board of Directors of your Company ('the Board').

   (b) <u>Retirement by Rotation</u>

   In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Articles 100, 101 and 102 of the Articles of Association of the Company, Mr. Sib Sankar Bandyopadhyay (DIN: 08016972), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

5. **BOARD MEETINGS**

   Four meetings of the Board were held during the year ended 31st March, 2020.

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 safe guarding 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 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, 2020, 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. **EXTRACT OF ANNUAL RETURN**

    The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 2** to this Report.

16. **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 2020-21. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

17. **COMPLIANCE WITH SECRETARIAL STANDARDS**

    The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

18. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

    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: 5th June, 2020   S. K. Pandey   Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2020

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 - ₹ 2.52 lakhs	
e)	Date(s) of approval by the Board, if any	10th January, 2020	
f)	Amount paid as advances, if any	Nil	

Dated : 5th June, 2020

On behalf of the Board
S. S. Bandyopadhyay Director
S. K. Pandey Director

Annexure 2 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U01100MH1997PLC128846
ii)	Registration Date	25th April, 1997
iii)	Name of the Company	Prag Agro Farm Limited
iv)	Category / Sub-Category of the Company	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	Indian Mercantile Chambers R. Kamani Marg, Ballard Estate, Mumbai – 400 001 Phone: 022 4366 3333 Fax: 022 2269 2228 e-mail ID: surendra.sipani@itc.in
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Sale of Saplings	46205	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) **Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	N.A.
b) Central Govt.	-	-	-	-	-	-	-	-	N.A.
c) State Govt.(s)	-	-	-	-	-	-	-	-	N.A.
d) Bodies Corp.	-	1,28,00,020	1,28,00,020	100.00	-	1,28,00,020	1,28,00,020	100.00	NIL
e) Banks / FI	-	-	-	-	-	-	-	-	N.A.
f) Any Other	-	-	-	-	-	-	-	-	N.A.
Sub-total (A)(1)	-	**1,28,00,020**	**1,28,00,020**	**100.00**	-	**1,28,00,020**	**1,28,00,020**	**100.00**	**Nil**
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	N.A.
b) Other – Individuals	-	-	-	-	-	-	-	-	N.A.
c) Bodies Corp.	-	-	-	-	-	-	-	-	N.A.
d) Banks / FI	-	-	-	-	-	-	-	-	N.A.
e) Any Other	-	-	-	-	-	-	-	-	N.A.
Sub-total (A)(2)	-	-	-	-	-	-	-	-	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	**1,28,00,020**	**1,28,00,020**	**100.00**	-	**128,00,020**	**128,00,020**	**100.00**	**Nil**
B. Public Shareholding									
(1)Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	N.A.
b) Banks / FI	-	-	-	-	-	-	-	-	N.A.
c) Central Govt.	-	-	-	-	-	-	-	-	N.A.
d) State Govt.(s)	-	-	-	-	-	-	-	-	N.A.
e) Venture Capital Funds	-	-	-	-	-	-	-	-	N.A.
f) Insurance Companies	-	-	-	-	-	-	-	-	N.A.
g) FIIs	-	-	-	-	-	-	-	-	N.A.
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	N.A.
i) Others (specify)	-	-	-	-	-	-	-	-	N.A.
Sub-total (B)(1)	-	-	-	-	-	-	-	-	**N.A.**
(2)Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	N.A.
ii) Overseas	-	-	-	-	-	-	-	-	N.A.
b) Individuals	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh **ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh**									
c) Others (specify)	-	-	-	-	-	-	-	-	N.A.
Sub-total (B)(2)	-	-	-	-	-	-	-	-	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	**N.A.**
Grand Total (A+B+C)	-	**1,28,00,020**	**1,28,00,020**	**100.00**	-	**1,28,00,020**	**1,28,00,020**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	1,28,00,020	100.00	Nil	1,28,00,020	100.00	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Promoter's Shareholding during the year				
	At the end of the year				

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** NOT APPLICABLE

(v) **Shareholding of Directors and Key Managerial Personnel:** None of the Directors hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager: NOT APPLICABLE

B. Remuneration to other Directors:

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	S. S. Bandyopadhyay	Nil	Nil	Nil	**Nil**
	S. K. Pandey				
	S. K. Sipani				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**Nil**
Overall ceiling as per the Companies Act, 2013					60,00,000 per annum (refer Note)

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the Company has inadequate profits during the financial year ended 31st March, 2020.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: NOT APPLICABLE

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013: None

Dated: 5th June, 2020

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, 2020, 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, 2020, 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.

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 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 March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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.
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:20209252AAAAFG1434)

Place : Chennai
Date : June 5, 2020

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, 2020 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, 2020, 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. 3020092E)
Ananthi Amarnath
Partner
(Membership No. 209252)
(UDIN:20209252AAAAFG1434)

Place : Chennai
Date : June 5, 2020

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)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed 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 immovable property of land that has been taken 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 20 of the Ind AS financial statements). As a matter of prudence, the cost of such land has been fully provided for in the Ind AS financial statements.

(ii) 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 20 of the Ind AS financial statements). As a matter of prudence, such inventories have been fully provided for in the Ind AS financial statements.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits outstanding at the end of the year.

(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) The Company has been regular in depositing undisputed statutory dues, including Income-tax, cess and other material statutory dues applicable to it with the appropriate authorities. Provident Fund, Employees' State Insurance, Sales Tax and cess are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Income-tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) There were no dues with respect to Income-tax dues and other material statutory dues as on March 31, 2020, on account of any disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable.

(ix) 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 (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year, hence reporting under clause (xi) 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 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 do not apply to the Company.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) 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 him 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.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 3020092E)
Ananthi Amarnath
Partner
(Membership No. 209252)
(UDIN:20209252AAAAFG1434)

Place : Chennai
Date : June 5, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020
(All amounts are in Indian Rupees unless otherwise stated)

	Note	As at March 31st, 2020 (₹)	As at March 31st, 2019 (₹)
ASSETS			
Non-current Assets			
Property, Plant and Equipment	20	–	–
Advance Tax and TDS Receivables [Net of Provisions ₹ 4,83,114 (March 31, 2019; ₹ 4,52,425)]		8,51,537	8,38,109
Total Non-current Assets		8,51,537	8,38,109
Current Assets			
Biological assets other than bearer plants	3	–	–
Financial Assets			
Cash and Cash Equivalents	4	93,91,589	72,18,264
Other Financial Assets	5	4,91,949	1,53,949
Other Current Assets	6	–	25,13,389
Total Current Assets		98,83,538	98,85,602
Total Assets		1,07,35,075	1,07,23,711
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	7	1,28,00,020	1,28,00,020
Other Equity	8	(21,79,616)	(21,83,088)
Total Equity		1,06,20,404	1,06,16,932
Liabilities			
Current Liabilities			
Financial Liabilities			
Trade Payables	19		
- total outstanding dues of micro enterprises and small enterprises		–	–
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,09,182	1,00,985
Other Current Liabilities	9	5,489	5,794
Total Current Liabilities		1,14,671	1,06,779
Total Liabilities		1,14,671	1,06,779
Total Equity and Liabilities		1,07,35,075	1,07,23,711

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Ananthi Amarnath
Partner

Place: Chennai
Date: June 5, 2020

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: June 5, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31ST, 2020
(All amounts are in Indian Rupees unless otherwise stated)

		Note	For the year ended March 31,2020 (₹)	For the year ended March 31,2019 (₹)
I	Revenue from Operations	10	**2,88,000**	2,79,600
II	Other Income	11	**5,48,292**	2,40,756
III	Total Income (I+II)		8,36,292	5,20,356
IV	EXPENSES:			
	Purchases of Stock-in-Trade		**2,52,000**	2,40,000
	Other Expenses	12	**5,02,840**	3,17,408
	Total Expenses (IV)		**7,54,840**	5,57,408
V	Profit / (Loss) Before Tax (III-IV)		**81,452**	(37,052)
VI	Tax Expense:			
	Current Tax	13(b)	**77,900**	31,900
	Taxation of prior years (net)		**80**	(492)
			77,980	31,408
VII	Profit/ (Loss) for the Year (V-VI)		**3,472**	(68,460)
VIII	Other Comprehensive Income		–	-
IX	Total Comprehensive Income / (Loss) for the Year (VII+VIII)		**3,472**	(68,460)
	Earnings per equity share: Basic and Diluted (face value of Rs. 1 each)	16	**0.0003**	(0.01)

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Ananthi Amarnath
Partner

Place: Chennai
Date: June 5, 2020

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: June 5, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020
(All amounts are in Indian Rupees unless otherwise stated)

		For the year ended March 31,2020 (₹)	For the year ended March 31,2019 (₹)
A.	**Equity Share Capital**		
	Balance at April 1	**1,28,00,020**	1,28,00,020
	Changes in Equity Share Capital during the year	–	–
	Balance at March 31	**1,28,00,020**	1,28,00,020
B.	**Other Equity - Reserves & Surplus**		
	Retained Earnings		
	Balance at April 1	**(21,83,088)**	(21,14,628)
	Profit/(Loss) for the Year	**3,472**	(68,460)
	Balance at March 31	**(21,79,616)**	(21,83,088)

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Ananthi Amarnath
Partner

Place: Chennai
Date: June 5, 2020

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: June 5, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Indian Rupees unless otherwise stated)

	For the year ended March 31, 2020 (₹)	For the year ended March 31, 2019 (₹)
Cash Flow from Operating Activities		
Profit / (Loss) Before Tax	**81,452**	(37,052)
Adjustments for:		
Interest Income	**(5,48,292)**	(2,40,756)
Operating Loss Before Working Capital Changes	**(4,66,840)**	(2,77,808)
Adjustments for:		
Decrease in Other Assets	**25,13,389**	46,24,933
Increase / (Decrease) in Trade Payables	**8,197**	(35,062)
Decrease in Other Current Liabilities	**(305)**	(1,166)
Cash from Operations	**20,54,441**	43,10,897
Income Taxes Paid (Net of Refunds)	**(91,408)**	(28,952)
Net Cash from Operating Activities	**19,63,033**	42,81,945
Cash Flows from Investing Activities		
Interest Received	**2,10,292**	2,09,753
Net Cash generated from Investing Activities	**2,10,292**	2,09,753
Cash Flow from Financing Activities	–	–
Net Increase in Cash and Cash Equivalents	**21,73,325**	44,91,698
Cash and Cash Equivalents at the beginning of the year	72,18,264	27,26,566
Cash and Cash Equivalents at the end of the year (Refer Note 4)	93,91,589	72,18,264

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Ananthi Amarnath
Partner

Place: Chennai
Date: June 5, 2020

For and on behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

Place: Secunderabad
Date: June 5, 2020

NOTES TO 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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.

2.12 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.

2.14 Pursuant to the outbreak of COVID – 19, various measures for ensuring social distancing has been put in place. As a part of the guidelines issued by the respective authorities, commercial and private establishments have been advised to remain shut for the notified period. The Company has assessed the possible effect of the pandemic on the carrying amount of Bank deposits, interest on deposits, etc. and the impact of the same on the profits/(loss) for the year ended 31st March 2020 is not material. The Company will continue to closely monitor any material changes to future economic conditions and take necessary measures to expeditiously resume normalcy.

Notes forming part of Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

(Amount in ₹)

		As at March 31, 2020	As at March 31, 2019
3.	**Biological Assets other than Bearer Plants**		
	Unharvested Agri-Produce (Inter-Cropping of Traditional Crops)	41,28,268	41,28,268
	Unharvested Poplar Trees (Standing Crops)	1,58,18,629	1,58,18,629
		1,99,46,897	1,99,46,897
	Less: Provision for Write Down (Refer Note 20)	(1,99,46,897)	(1,99,46,897)
		–	–

Note: Additional disclosure in terms of Schedule III and Ind AS 41 have not been given in view of the ongoing litigation (Refer Note 20).

		As at March 31, 2020	As at March 31, 2019
4.	**Cash and Cash Equivalents**		
	Balances with Banks:		
	Current Account	54,566	24,744
	Deposit Accounts (Refer Note below)	93,37,023	71,93,520
	Cash on Hand	–	–
		93,91,589	72,18,264

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, 2020	As at March 31, 2019
5.	**Other Financial Assets**		
	Current:		
	Interest Accrued on Bank Deposits	4,89,949	1,51,949
	Others (Receivable on National Savings Certificate and Kisan Vikas Patra)	2,000	2,000
		4,91,949	1,53,949
6.	**Other Current Assets**		
	Current:		
	Deposit with Statutory Authorities	–	25,13,389
		–	25,13,389

		As at 31 March 2020	As at 31 March 2019
7.	**Equity Share Capital**		
	Authorised Share Capital:		
	13,00,00,000 Equity Shares of ₹ 1 each fully paid-up	13,00,00,000	13,00,00,000
	Issued, Subscribed and Paid-up Capital:		
	1,28,00,020 Equity Shares of ₹ 1 each fully paid-up	1,28,00,020	1,28,00,020

A) **Reconciliation of number of Equity Shares outstanding:**

	Face Value	No. of Shares	Amount
Balance at April 1, 2018	1	1,28,00,020	1,28,00,020
Add: issued during the year		–	–
Balance as at March 31, 2019	1	1,28,00,020	1,28,00,020
Add: issued during the year		–	–
Balance at March 31, 2020	1	1,28,00,020	1,28,00,020

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

	As at March 31, 2020		As at March 31, 2019	
	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 Rs. 13,00,00,000 comprising of 13,00,00,000 equity shares of Rs. 1 each (Refer Note 14).

		As at March 31, 2020	As at March 31, 2019
8.	**Other Equity**		
	Reserves and Surplus		
	Retained Earnings		
	Retained earnings comprise of the Company's undistributed earnings after taxes.	(21,79,616)	(21,83,088)
		(21,79,616)	(21,83,088)
9.	**Other Liabilities**		
	Current:		
	Statutory Liabilities	5,489	5,794
		5,489	5,794

		For the year ended March 31, 2020	For the year ended March 31, 2019
10.	**Revenue from Operations**		
	Sale of Products (Saplings)	2,88,000	2,79,600
		2,88,000	2,79,600
11.	**Other Income**		
	Interest Income on:		
	Bank Deposits	5,44,082	2,39,286
	Income tax refund	–	1,470
	Others	4,210	–
		5,48,292	2,40,756
12.	**Other Expenses**		
	Rent	8,197	8,197
	Rates and Taxes	10,753	29,628
	Insurance	2,443	2,443
	Security Charges	2,91,030	1,47,155
	Legal Expenses	1,24,150	63,433
	Miscellaneous Expenses	66,267	66,552
		5,02,840	3,17,408
	Miscellaneous expenses include :		
	Payment to Auditors (excluding applicable taxes)		
	- Statutory Audit	50,000	50,000
	- Tax Audit	15,000	15,000
		65,000	65,000

13. **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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(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, 2020	For the year ended March 31, 2019
(Loss)/ Profit before Income Tax	81,452	(37,052)
Enacted tax rates	25.17%	26.00%
Computed Expected Tax Expense	20,501	(9,634)
Tax on Income after excluding expenses for income exempt u/s 10	57,399	41,534
Income tax expense	77,900	31,900

14. **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 ₹ 128,000,200 comprising 12,800,020 equity shares of ₹ 10 each to ₹ 12,800,020 comprising 12,800,020 equity shares of ₹ 1 each, and such reduction be effected by cancelling the Issued, Subscribed and Paid-up Equity Share Capital of the Company to the extent of Rs. 9 per share. Such cancellation of Share Capital was to be adjusted against the debit balance in Statement of Profit and Loss as at April 1, 2016. The aforesaid reduction of Share Capital was confirmed by the Hon'ble High Court at Bombay vide Order dates September 29, 2016 and became effective from November 22, 2016 consequent to the registration of the said order by the Registrar of Companies, Mumbai.

Consequently, the Authorised Share Capital of the Company was amended to ₹ 130,000,000 comprising 130,000,000 Equity Shares of ₹ 1 each in the year 2016-17."

15. **Contingent Liabilities***

	As at March 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as debts:		
Revision of Land Lease Rent	67,00,000	67,00,000
	67,00,000	67,00,000

* 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.

16. **Earnings Per Share**

	For the year ended March 31, 2020	For the year ended March 31, 2019
Computation of earnings per share is set out below:		
Net Profit / (Loss) attributable to Equity Shareholders (A) (Rs.)	3,472	(68,460)
Weighted Average Number of Equity Shares outstanding during the year (B) (Nos.)	1,28,00,020	1,28,00,020
Face value of Equity Share (Rs.)	1.00	1.00
Earnings Per Share (Basic and Diluted) (A/B) (Rs.)	0.0003	(0.01)

17. **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, 2020	For the year ended March 31, 2019
Mr. Bablu Singh	0%	18%
Mr. Yogesh Joshi	0%	13%
Mr. Narendra Juneja	22%	0%
Mr. Shubham Sharma	11%	0%
Mr. Mr Paramjeet Singh	11%	0%

18. **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, 2020	For the year ended March 31, 2019
ITC Limited:		
Purchases	2,52,000	2,40,000

(c) **Details of Related Party Balances:**

	As at March 31 2020	As at March 31 2019
ITC Limited:	–	–

19. The Company, based on the information available on the status of the suppliers, does not have any dues to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

20. "During the year 2013-14, the Hon'ble High Court of Uttarakhand at Nainital, passed an Order directing the State Authorities to take possession of the land leased to the Company. The Company filed an appeal against the said order, which had been admitted and the matter is pending in the Hon'ble High Court.

Consequent to the aforesaid Order, as a matter of prudence, cost of the land amounting to Rs. 71,009,678 (being the difference between the premium of Rs. 101,690,195 paid on acquisition of such leashold land and amortised to the extent of Rs. 30,680,517) was fully impaired in 2013-14. On transition to Ind AS, deemed cost of such leashold 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. "

21. **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, 2020		As at March 31, 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets (Measured at amortised cost)					
i) Cash and Cash Equivalents	4	93,91,589	93,91,589	72,18,264	72,18,264
ii) Other Financial Assets	5	4,91,949	4,91,949	1,53,949	1,53,949
Total Financial Assets		98,83,538	98,83,538	73,72,213	73,72,213
Financial Liabilities (Measured at amortised cost)					
(i) Trade Payables		1,09,182	1,09,182	1,00,985	1,00,985
Total Financial Liabilities		1,09,182	1,09,182	1,00,985	1,00,985

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 ₹ 93,37,023 (As at March 31, 2019 - ₹ 71,93,520) and is represented by carrying amount of Balance with Banks - Deposit Accounts (Refer Note 4).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 ₹ 93,91,589 while the trade payables is ₹ 1,09,182 as at March 31, 2020. Trade payables is about 1% 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 extention is short term in nature ranging from 0 - 15 days. There are no outstanding debtors for which ECL provsision 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, 2020	For the year ended March 31, 2019
Revenue from Top Customer	**22%**	18%
Revenue from Top 5 Customers	**60%**	52%

The Company's credit period generally ranges from 0-15 days.

D. Fair value measurement

As at March 31, 2020, 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.

22. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

23. The financial statements were approved for issue by the Board of Directors on 5th June 2020.

For and on behalf of the Board of Directors

Suneel Pandey — Director
Sib Sankar Bandyopadhyay — Director

Place: Secunderabad

Date: June 5, 2020

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

1. Your Directors submit their Report for the financial year ended 31st March, 2020.

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 ₹ 6.61 lakhs (previous year: ₹ 10.26 lakhs). The Net Loss of the Company was ₹ 14.00 lakhs (previous year: ₹ 54.69 lakhs) and the Total Comprehensive Loss for the said year was ₹ 14.11 lakhs (previous year: ₹ 60.97 lakhs).

During the latter part of the financial year, the COVID-19 pandemic and the consequent lockdown posed a formidable 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 AND KEY MANAGERIAL PERSONNEL**

(a) <u>Changes in Directors and Key Managerial Personnel during the year</u>

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) <u>Retirement by Rotation</u>

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Articles 100, 101 and 102 of the Articles of Association of the Company, Mr. Sib Sankar Bandyopadhyay (DIN: 08016972), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-election. Your Board has recommended his re-election.

5. **BOARD MEETINGS**

Four meetings of the Board were held during the year ended 31st March, 2020.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

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

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

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

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

7. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

8. **PARTICULARS OF EMPLOYEES**

The details of 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.

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.

In terms of the Risk Management Policy of the Company approved by the Board, management of risks vest with the executives responsible for the day-to-day conduct of the affairs 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 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, 2020, 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. **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as Annexure3 to this Report.

16. **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 Section142 of the Act, the Board has recommended for the approval of the Members, remuneration of DHS for the financial year 2020-21. Appropriate resolution in respect of the same is being placed for your approval at the ensuing AGM of the Company.

17. **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 of the Act.

18. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

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: 5th June, 2020 S. K. Pandey Director

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2020

[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 Commence-ment of Employment	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
P. S. Rawat	51	Assistant Manager	3,23,061/-	3,09,001/-	B.A. and M.A. (Economics)	24	01.01.1996	N.A.
K. C. Pandey	52	Assistant Manager	2,39,622/-	2,27,510/-	B.A. and M.A. (Political Science)	24	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: 5th June, 2020 S. K. Pandey Director

Annexure 2 to the Report of the Board of Directors for the financial year ended 31st March, 2020

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 - ₹ 2.52lakhs
e)	Date(s) of approval by the Board, if any	10th January, 2020
f)	Amount paid as advances, if any	Nil

On Behalf of the Board

S. S. Bandyopadhyay Director

Dated: 5th June, 2020 S. K. Pandey Director

Annexure 3 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN :	U01100MH1995PLC128849
ii)	Registration Date :	27th March, 1995
iii)	Name of the Company :	Pavan Poplar Limited
iv)	Category / Sub-Category of the Company :	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details :	Indian Mercantile Chambers R. Kamani Marg, Ballard Estate Mumbai – 400 001 Phone: 022 43663333 Fax: 022 2269 2228 e-mail ID:surendra.sipani@itc.in
vi)	Whether listed company:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Sale of Saplings	46205	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	100.00%	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	N.A.
b) Central Govt.	-	-	-	-	-	-	-	-	N.A.
c) State Govt.(s)	-	-	-	-	-	-	-	-	N.A.
d) Bodies Corp.	-	55,10,004	55,10,004	100.00	-	55,10,004	55,10,004	100.00	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	N.A.
f) Any Other	-	-	-	-	-	-	-	-	N.A.
Sub-total (A)(1)	-	**55,10,004**	**55,10,004**	**100.00**	-	**55,10,004**	**55,10,004**	**100.00**	**Nil**
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	N.A.
b) Other – Individuals	-	-	-	-	-	-	-	-	N.A.
c) Bodies Corp.	-	-	-	-	-	-	-	-	N.A.
d) Banks / FI	-	-	-	-	-	-	-	-	N.A.
e) Any Other	-	-	-	-	-	-	-	-	N.A.
Sub-total (A)(2)	-	-	-	-	-	-	-	-	N.A.
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	**55,10,004**	**55,10,004**	**100.00**	-	**55,10,004**	**55,10,004**	**100.00**	**Nil**
B. Public Shareholding									
(1)Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	N.A.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Banks / FI	-	-	-	-	-	-	-	-	N.A.
c) Central Govt.	-	-	-	-	-	-	-	-	N.A.
d) State Govt.(s)	-	-	-	-	-	-	-	-	N.A.
e) Venture Capital Funds	-	-	-	-	-	-	-	-	N.A.
f) Insurance Companies	-	-	-	-	-	-	-	-	N.A.
g) FIIs	-	-	-	-	-	-	-	-	N.A.
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	N.A.
i) Others (specify)	-	-	-	-	-	-	-	-	N.A.
Sub-total (B)(1)	-	-	-	-	-	-	-	-	N.A.
(2)Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	N.A.
ii) Overseas	-	-	-	-	-	-	-	-	N.A.
b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)	-	-	-	-	-	-	-	-	**N.A.**
Sub-total (B)(2)	-	-	-	-	-	-	-	-	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	**N.A.**
C. Shares held by Custodian for GDRs &ADRs	-	-	-	-	-	-	-	-	**N.A.**
Grand Total (A+B+C)	-	**55,10,004**	**55,10,004**	**100.00**	-	**55,10,004**	**55,10,004**	**100.00**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	%of Shares pledged / encumbered to total Shares	
1.	ITC Limited	55,10,004	100.00	Nil	55,10,004	100.00	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	**No change during the year**			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** NOT APPLICABLE

(v) **Shareholding of Directors and Key Managerial Personnel:** None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager: NOT APPLICABLE

B. Remuneration to other Directors:

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B)(1)				**Nil**
2.	**Other Non-Executive Directors**				
	S. S. Bandyopadhyay	Nil	Nil	Nil	Nil
	S. K. Pandey				
	S. K. Sipani				
	Total Amount (B)(2)				**Nil**
Total Amount (B) = (B)(1) + (B)(2)					**Nil**
Total Managerial Remuneration (A + B)					**Nil**
Overall ceiling as per the Companies Act, 2013					60,00,000 per annum *(refer Note)*

Note: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the Company has incurred losses during the financial year ended 31st March, 2020.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

Sl. No.	Particulars of Remuneration	A. Chinnaiya (Company Secretary)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission - as % of profit - others, specify	–
5.	Others, please specify	–

* Ms. A. Chinnaiya is an employee of ITC Limited, the Holding Company (ITC), and her services have been deputed by ITC to the Company without levy of any charge. Accordingly, Ms. Chinnaiya's remuneration for the financial year ended 31st March, 2020 has been borne by ITC.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013: None

On Behalf of the Board

S. S. Bandyopadhyay Director

Dated: 5th June, 2020 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, 2020, 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, 2020, 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 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 March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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.

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. 302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)
(UDIN: 20209252AAAAFH5342)

Place : Chennai
Date: 5th June, 2020

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, 2020 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 cosntrols, 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, 2020, 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: 20209252AAAAFH5342)

Place : Chennai
Date: June 5, 2020

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)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed 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 immovable property of land that has been taken 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 such land has been fully provided for in the Ind AS financial statements.

(ii) 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.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits outstanding at the end of the year.

(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) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance Income-tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) There were no dues with respect to Income-tax dues and other material statutory dues as on March 31, 2020, on account of any disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable.

(ix) 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 (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year, hence reporting under clause (xi) 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 and according to the information and explanations given to us the Company is in compliance with Section 177 andSection 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) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) 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 him 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.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)
Ananthi Amarnath
Partner
(Membership No. 209252)
(UDIN: 20209252AAAAFH5342)

Place : Chennai
Date: June 5, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

(All amounts are in Indian Rupees unless otherwise stated)

	Note	As at 31st March, 2020 (₹)	As at 31st March, 2019 (₹)
ASSETS			
Non-current assets			
Property, Plant and Equipment	23	–	–
"Advance Tax and TDS Receivables [Net of Provisions Rs. 2,13,180 (March 31, 2019 - Rs. 4,45,035)]"		38,228	38,765
Total Non-current Assets		38,228	38,765
Current Assets			
Biological assets other than bearer plants	3	–	-
Financial Assets			
Trade Receivables	4	–	-
Cash and Cash Equivalents	5	49,77,487	54,37,826
Other Financial Assets	6	1,77,816	11,20,467
Other Current Assets	7	42,340	87,340
Total Current Assets		51,97,643	66,45,633
Total Assets		52,35,871	66,84,398
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	8	5,51,00,040	5,51,00,040
Other Equity	9	(5,22,51,922)	(5,08,40,429)
Total Equity		28,48,118	42,59,611
Liabilities			
Non-current Liabilities			
Provisions	10	2,65,596	2,25,585
Total Non-current Liabilities		2,65,596	2,25,585
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		4,37,850	5,07,250
Other Financial Liabilities	11	21,589	23,104
Other Current Liabilities	12	16,56,154	16,63,049
Provisions	10	6,564	5,799
Total Current Liabilities		21,22,157	21,99,202
Total Liabilities		23,87,753	24,24,787
Total Equity and Liabilities		52,35,871	66,84,398

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Ananthi Amarnath
Partner

Place: Chennai
Date: June 5, 2020

For and On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

A. Chinnaiya
Company Secretary

Place: Secunderabad
Date: June 5, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Indian Rupees unless otherwise stated)

		Note	For the year ended March 31,2020 (₹)	For the year ended March 31,2019 (₹)
I	Revenue from Operations	13	2,88,000	2,72,800
II	Other Income	14	3,73,145	7,53,359
III	Total Income (I+II)		6,61,145	10,26,159
IV	EXPENSES:			
	Purchases of Stock-in-Trade		2,52,000	2,40,000
	Employee Benefits Expense	15	11,52,880	46,11,502
	Other Expenses	16	6,53,159	15,35,982
	Total Expenses (IV)		20,58,039	63,87,484
V	Loss Before Tax (III-IV)		(13,96,894)	(53,61,325)
VI	Tax Expense:			
	Current Tax	17(c)	20,200	1,22,100
	Taxation of prior years written back (net)		(17,261)	(14,272)
	Total Tax Expense (VI)		2,939	1,07,828
VII	Loss for the Year (V-VI)		(13,99,833)	(54,69,153)
A	Other Comprehensive Income:			
	(i) Items that will not be reclassified to profit and loss			
	- Remeasurement of the defined benefit liability	24	(11,660)	(6,28,064)
	(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)]		(11,660)	(6,28,064)
IX	Total Comprehensive Loss for the Year (VII+VIII)		(14,11,493)	(60,97,217)
	Earnings per Equity Share: Basic and Diluted (face value of Rs. 10 each)	19	(0.25)	(0.99)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Ananthi Amarnath
Partner

Place: Chennai
Date: June 5, 2020

For and On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

A. Chinnaiya
Company Secretary

Place: Secunderabad
Date: June 5, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Rupees unless otherwise stated)

A. Equity Share Capital:

	Amount
Balance at April 1, 2018	**5,51,00,040**
Changes in Equity Share Capital during the year	–
Balance at March 31, 2019	**5,51,00,040**
Changes in Equity Share Capital during the year	–
Balance at March 31, 2020	**5,51,00,040**

B. Other Equity :

	Reserves and Surplus: General Reserve	Reserves and Surplus: Retained Earnings	Other items of Other Comprehensive Income	Total
Balance as at April 1, 2018	5,00,000	(4,50,60,318)	(1,82,894)	(4,47,43,212)
Loss for the year	–	(54,69,153)	–	(54,69,153)
Remeasurement of the Defined Benefit Liability [Refer Note 17(b)]	–	–	(6,28,064)	(6,28,064)
Balance at March 31, 2019	5,00,000	(5,05,29,471)	(8,10,958)	(5,08,40,429)
Loss for the year	–	(13,99,833)	–	(13,99,833)
Remeasurement of the Defined Benefit Liability [Refer Note 17(b)]	–	–	(11,660)	(11,660)
Balance at March 31, 2020	5,00,000	(5,19,29,304)	(8,22,618)	(5,22,51,922)

See accompanying notes to the Financial Statements
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Ananthi Amarnath
Partner

Place: Chennai
Date: June 5, 2020

For and On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

A. Chinnaiya
Company Secretary

Place: Secunderabad
Date: June 5, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Rupees unless otherwise stated)

	For the year ended March 31, 2020 (₹)	For the year ended March 31, 2019 (₹)
Cash Flow from Operating Activities		
Loss Before Tax	**(13,96,894)**	(53,61,325)
Adjustments for:		
Interest Income	**(3,73,145)**	(7,53,359)
Operating Loss Before Working Capital Changes	**(17,70,039)**	(61,14,684)
Adjustments for:		
Decrease / (Increase) in Other Current Assets	**45,000**	(45,000)
(Decrease) / Increase in Trade Payable	**(69,400)**	1,77,867
Increase / (Decrease) in Other Current Liabilities, Other Financial Liabilities and Provisions	**20,706**	(21,10,909)
Cash used in Operations	**(17,73,733)**	(80,92,726)
Income Taxes Paid (Net of Refunds)	**(2,402)**	(1,32,978)
Net Cash used in Operating Activities	**(17,76,135)**	(82,25,704)
Cash Flow from Investing Activities		
Interest Received	**13,15,796**	11,96,830
Net Cash generated from Investing Activities	**13,15,796**	11,96,830
Cash Flow from Financing Activities	**–**	–
Net decrease in Cash and Cash Equivalents	**(4,60,339)**	(70,28,874)
Cash and Cash Equivalents at the beginning of the year	**54,37,826**	1,24,66,700
Cash and Cash Equivalents at the end of the year (Refer Note 5)	**49,77,487**	54,37,826

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Ananthi Amarnath
Partner

Place: Chennai
Date: June 5, 2020

For and On behalf of the Board of Directors

Suneel Pandey
Director

Sib Sankar Bandyopadhyay
Director

A. Chinnaiya
Company Secretary

Place: Secunderabad
Date: June 5, 2020

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

Notes forming part of the Financial Statements (Contd.)

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.

2.15 Pursuant to the outbreak of COVID – 19, various measures for ensuring social distancing has been put in place. As a part of the guidelines issued by the respective authorities, commercial and private establishments have been advised to remain shut for the notified period. The Company has assessed the possible effect of the pandemic on the carrying amount of Bank deposits, interest on deposits, etc. and the impact of the same on the profits/(loss) for the year ended 31st March 2020 is not material. The Company will continue to closely monitor any material changes to future economic conditions and take necessary measures to expeditiously resume normalcy.

Notes forming part of Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

(Amount in ₹)

		As at 31 March 2020	As at 31 March 2019
3.	**Biological Assets other than Bearer Plants**		
	Unharvested Agri-Produce (Inter cropping of traditional crops)	43,27,032	43,27,032
	Unharvested Poplar Trees (Standing crops)	2,09,86,175	2,09,86,175
		2,53,13,207	2,53,13,207
	Less: Provision for Write Down (Refer Note 23)	(2,53,13,207)	(2,53,13,207)
		–	–

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 2020	As at 31 March 2019
4.	**Trade Receivables**		
	Current		
	Unsecured, Considered Good	–	–
	Doubtful	18,364	18,364
		18,364	18,364
	Less: Allowance for Doubtful Debts (Expected Credit Loss Allowance)	(18,364)	(18,364)
		–	–
5.	**Cash and Cash Equivalents**		
	Balances with Banks		
	Current Account	3,75,245	87,826
	Deposit Accounts (Refer Note below)	46,00,000	53,50,000
	Cash on Hand	2,242	–
		49,77,487	54,37,826

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 2020	As at 31 March 2019
6.	**Other Financial Assets**		
	Current		
	Interest Accrued on the Bank Deposits	1,77,816	1,120,467
		1,77,816	1,120,467
7.	**Other Assets**		
	Current		
	Deposits with Statutory Authorities	42,340	87,340
		42,340	87,340
8.	**Equity Share Capital**		
	Authorised Share Capital:		
	10,000,000 Equity Shares of ₹ 10 each fully paid-up	10,00,00,000	10,00,00,000
	Issued, Subscribed and Paid-Up Capital:		
	5,510,004 Equity Shares of ₹ 10 each fully paid-up	5,51,00,040	5,51,00,040

A) Reconciliation of number of Equity Shares outstanding:

	No. of Shares	Amount
Balance at April 1, 2018	55,10,004	5,51,00,040
Add: Issued during the year	–	–
Balance at March 31, 2019	55,10,004	5,51,00,040
Add: Issued during the year	–	–
Balance at March 31, 2020	55,10,004	5,51,00,040

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

	As at March 31, 2020		As at March 31, 2019	
	(No. of Shares)	%	(No. of Shares)	%
ITC Limited and its nominees	55,10,004	100	55,10,004	100

* 5,509,998 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 Rs. 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

(Amount in ₹)

		As at 31 March 2020	As at 31 March 2019
9.	**Other Equity**		
	Reserves and Surplus:		
	General Reserve		
	This represents appropriation of profit by the Company.	5,00,000	5,00,000
	Retained Earnings		
	Retained earnings comprise of the Company's undistributed earnings after taxes.	(5,19,29,304)	(5,05,29,471)
	Other items of other comprehensive income		
	Other items of other comprehensive income consist of remeasurement of net defined benefit liability/asset.	(8,22,618)	(8,10,958)
		(5,22,51,922)	(5,08,40,429)

Notes forming part of the Financial Statements (Contd.)

(Amount in ₹)

	As at 31 March 2020	As at 31 March 2019
10. Provisions		
Employee Benefits:		
Gratuity (Refer Note 24)	2,35,155	2,00,255
Compensated Absences	37,005	31,129
	2,72,160	2,31,384
Non-current		
Gratuity (Refer Note 24)	2,29,483	1,95,236
Compensated Absences	36,113	30,349
	2,65,596	2,25,585
Current		
Gratuity (Refer Note 24)	5,672	5,019
Compensated Absences	892	780
	6,564	5,799
	2,72,160	2,31,384
11. Other Financial Liabilities		
Current:		
Employee Dues Payable	21,589	23,104
	21,589	23,104
12. Other Liabilities		
Current:		
Statutory Liabilities	16,56,154	16,63,049
	16,56,154	16,63,049

	For the year ended 31 March 2020	For the year ended 31 March 2019
13. Revenue from Operations		
Sale of Products (Saplings)	2,88,000	2,72,800
	2,88,000	2,72,800
14. Other Income		
Interest Income:		
Bank Deposits	3,68,719	7,52,867
Income tax refund	–	492
Others	4,426	-
	3,73,145	7,53,359
15. Employee Benefits Expense		
Salaries and Wages (Refer Note 26)	10,86,857	43,42,150
Contribution to Provident and Other Funds	34,121	2,17,499
Gratuity Expense (Refer Note 24)	23,240	35,483
Staff Welfare Expenses	8,662	16,370
	11,52,880	46,11,502
16. Other Expenses		
Power and Fuel	1,45,079	1,19,259
Rent	7,760	7,760
Rates and Taxes	2,000	2,700
Insurance	3,151	6,515
Repairs and Maintenance - Others	600	4,876
Security Charges	1,45,515	1,18,500
Travelling and Conveyance	12,387	78,304
Legal and Consultancy Expenses	2,63,365	11,26,181
Miscellaneous Expenses	73,302	71,887
	6,53,159	15,35,982
Miscellaneous Expenses include:		
Payment to Auditors (excluding applicable taxes)		
- Statutory Audit	50,000	50,000
- Tax Audit	15,000	15,000
	65,000	65,000

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.

(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 2020	For the year ended 31 March 2019
Loss before Income Tax	(13,96,894)	(53,61,325)
Enacted Tax Rates	25.17%	26.00%
Computed Expected Tax Expense	(3,51,598)	(13,93,945)
Tax on Income after excluding expenses for income exempt u/s 10	3,71,798	15,16,045
Income Tax Expense	20,200	1,22,100

18. Contingent Liabilities *

Claims against the Company not acknowledged as Debts		
Local Authority Taxes	6,64,524	6,64,524
Revision of Land Lease Rent	1,07,00,000	1,07,00,000
Other Matters	42,340	42,340
	1,14,06,864	1,14,06,864

* 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.

19. Earnings Per Share

Computation of earnings per share is set out below:

Net Loss attributable to Equity Shareholders (A) (₹)	(13,99,833)	(54,69,153)
Weighted Average Number of Equity Shares outstanding during the year (B) (Nos.)	55,10,004	55,10,004
Face value of Equity Share (₹)	10.00	10.00
Earnings Per Share (Basic and Diluted) (A/B) (₹)	(0.25)	(0.99)

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 2020	For the year ended 31 March 2019
Mr. Vivek Agarawal	33%	0%
Mr. Pavan Juneja	19%	0%
Mr. Jagdish Patharia	0%	20%
Mr. Madan Gpoal Sharma	0%	15%
Mr. Harpinder Singh	0%	12%

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 2020	For the year ended 31 March 2019
ITC Limited:		
Purchases	2,52,000	2,40,000

(c) **Details of Related Party Balances:**

Description	As at 31 March 2020	As at 31 March 2019
ITC Limited:	–	–

22. 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.

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.

Notes forming part of the Financial Statements (Contd.)

Consequent to the aforesaid Order, as a matter of prudence, cost of the land amounting to ₹ 23,410,906 (being the difference between the premium paid on acquisition of such leasehold land amounting to ₹ 44,933,855 and amortised to the extent of ₹ 21,522,949) 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 acturial valuation. Gratuity and Compensated Absences benefits are unfunded.

Risk Management

The defined benefit plans expose the Company to actuarial deficit arising out of interest rate risk, longevity risk and salary cost inflation risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

Gratuity:

The following tables set out the amount recognised in the Financial Statements as of March 31, 2020 and March 31, 2019:

(Amount in ₹)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Change in Benefit Obligation		
Benefit Obligation at the beginning	2,00,255	11,56,771
Current Service Cost	8,221	9,478
Interest Expense	15,019	26,005
Remeasurements - Actuarial Losses	11,660	6,28,064
Benefits Paid	–	(16,20,063)
Benefit Obligations at the end	2,35,155	2,00,255

Amount for the year ended March 31, 2020 and March 31, 2019 recognised in the Statement of Profit and Loss under employee benefit expense:

Current Service Cost	8,221	9,478
Interest Expense	15,019	26,005
Gratuity Expense	23,240	35,483

Amount for the year ended March 31, 2020 and March 31, 2019 recognised in the Statement of Other Comprehensive Income:

Remeasurements of the Defined Benefit Liabilities		
Effect of changes in Financial Assumptions	21,490	6,28,064
Effect of Experience Adjustments	(9,830)	–
Cost recognised in the Statement of Other Comprehensive Income	11,660	6,28,064

Liability recognised in the Balance Sheet	As at March 31, 2020	As at March 31, 2019
Remeasurements of the Defined Benefit Liabilities		
Present Value of Defined Benefit Obligation	2,35,155	2,00,255
Liability recognised in Balance Sheet		
- Current	5,672	5,019
- Non-Current	2,29,483	1,95,236
Liability recognised in Balance Sheet	2,35,155	2,00,255

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	As at March 31, 2020	As at March 31, 2019
Discount Rates	6.25%	7.50%
Expected rates of salary increase	7.00%	7.00%
Mortality Table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) 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, 2020, every percentage point increase / decrease in discount rate will affect the Company's gratuity benefit obligation by approximately ₹ 2 Lakhs

As at March 31, 2019, every percentage point increase / decrease in compensation levels will affect the Company's gratuity benefit obligation by approximately ₹ 2 Lakhs"

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, 2020		As at March 31, 2019	
		Fair Value	Carrying Value	Fair Value	Carrying Value
Financial Assets (Measured at amortised cost)					
i) Trade Receivables	4	–	–	–	–
ii) Cash and Cash Equivalents	5	49,77,487	49,77,487	54,37,826	54,37,826
iii) Other Financial Assets	6	1,77,816	1,77,816	11,20,467	11,20,467
Total Financial Assets		51,55,303	51,55,303	65,58,293	65,58,293
Financial Liabilities (Measured at amortised cost)					
(i) Trade Payables		4,37,850	4,37,850	5,07,250	5,07,250
(ii) Other Financial Liabilities	12	21,589	21,589	23,104	23,104
Total Financials Liabilities		4,59,439	4,59,439	5,30,354	5,30,354

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 ₹ 46,00,000 (As at March 31, 2019 - ₹ 53,50,000) 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

Notes forming part of the Financial Statements (Contd.)

company has Cash and Cash equivalents of Rs. 49,77,487 while the aggregate of trade payables and other financial liabilities is Rs. 4,37,850. Aggregate of trade payables and other financial liabilities is about 9% 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 extention 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

(Amount in ₹)

	For the year ended 31, March 2020	For the year ended 31, March 2019
Revenue from top customer	**33%**	20%
Revenue from top 5 customers	**77%**	61%

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 2020	As at 31, March 2019
Opening Balance	**(18,364)**	(18,364)
Add: Provisions made (Net)	**–**	–
Less: Utilisation	**–**	–
Closing Balance	**(18,364)**	(18,364)

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.

26. The employee benefit expense includes retrenchment compensation amounting to Rs. 5,29,098 paid to employees retrenched during the year considering the business operations of the Company, which has been approved by the Board of Directors in their meeting held on January 10, 2020.
27. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.
28. The financial statements were approved for issue by the Board of Directors on June 5, 2020.

On behalf of the Board of Directors

	Suneel Pandey	Director
	Sib Sankar Bandyopadhyay	Director
Place: Secunderabad	A. Chinnaiya	Company Secretary
Date: June 5, 2020		

ITC: Transforming Lives and Landscapes

Enduring Value

ITC e-Choupal

- *Empowering 4 million farmers*

Afforestation Programme

- *Greening over 802,000 acres*

Watershed Development Programme

- *Providing Soil & Moisture conservation to over 1,133,000 acres*

Livestock Development Initiative

- *Over 1,870,000 milch animals covered*

Women Empowerment Initiative

- *Creating over 74,400 sustainable livelihoods for women*

Primary Education

- *Benefitting over 775,000 children*

Skilling & Vocational Training Initiative

- *Over 81,500 youths benefitted*

Health & Sanitation Programme

- *Over 37,500 individual household toilets built*

Green Buildings

- *ITC has 30 Platinum Rated Green Buildings*

Responsible Luxury

- *ITC Hotels: Trailblazer in Responsible Luxury and Green Hoteliering*

Promoting Sustainable Agricultural Practices

- *Increasing farm productivity and farmer incomes*

Solid Waste Management Initiative

- *Well-being Out of Waste programme covers over 1,00,00,000 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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